



3 1761 11650818 5



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

Canada. Royal Commission on
employment of firemen on diesel
locomotives in freight and yard service
on the Canadian Pacific Railway

Proceedings 1957

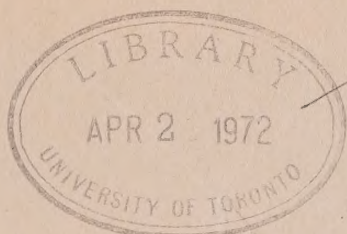
no 1 — 3.

746
A
amended P.S.

**ROYAL COMMISSION ON EMPLOYMENT OF FIREMEN
ON DIESEL LOCOMOTIVES IN FREIGHT AND YARD
SERVICE ON THE CANADIAN PACIFIC RAILWAY**

(6) 1-3

PROCEEDINGS



DATE: March 4, 1957

PLACE: Ottawa, Ont.

PAGES: 1 - 142

VOLUME: ONE

E. L. FEATHERSTON
SHORTHAND REPORTER
241 MANOR AVENUE
ROCKCLIFFE PARK
OTTAWA, CANADA

I N D E X

STATEMENTS

WISMER, Leslie	6
LEWIS, David	7 - 10 - 32
SINCLAIR, I.D.	8 - 19

WITNESSES

GOSSAGE, S.M. Exam. by Mr. Sinclair	53
--	----

EXHIBITS:

No. 1 - Agreement, Eastern Region, Feb.1954 ..	57
1A - Memorandum of Revision	57
2 - Agreement, Prairie-Pacific Region, April 1, 1954	58
2A - Memorandum of Revision	58
3 - Agreement, Quebec Central Railway, May 1, 1954	59
3A - Memorandum of Revision	59
4 - Agreement, Dominion Atlantic Railway, Jan. 1, 1955	59
4A - Memorandum of Revision	60
5 - Arbitrary Allowance - firemen	62
6 - Decision, Railway Board of Adjustment	95
7 - Duties of Firemen, Eastern Region, Prairie and Pacific Regions	102
8 - Statement of mountain and valley differentials	117
3A - Chart	118
9 - Quotation from firemen's schedule ...	121
10 - Canadian Railway Board of Adjustment No. 1 - Supplement to Case No.16	124
11 - Statement of earnings firemen in Mountain Territory	129
12 - Statement of Firemen, Hostlers and Apprentices	134
13 - Rates of pay per day of 100 miles ...	137
14 - Average earnings per hour	142

ROYAL COMMISSION ON EMPLOYMENT OF
FIREMEN ON DIESEL LOCOMOTIVES IN
FREIGHT AND YARD SERVICE ON THE
CANADIAN PACIFIC RAILWAY

Proceedings of public
hearing held at Ottawa,
Ontario, Monday, March 4,
1957

PRESENT:

Hon. R.L. Kellock,	Chairman
Hon. C.C. McLaurin,	Member
Hon. Jean Martineau,	Member
Douglas M. Fraser,	Secretary
A.R. Winship	Asst. Secretary

APPEARANCES:

D.W. Mundell, Q.C. C.J.A. Hughes, Q.C.	Representing the Commission
I.D. Sinclair, Q.C. John Pearson,	Representing the Canadian Pacific Railway Company
David Lewis,	Representing the Brotherhood of Locomotive Firemen and Enginemen

Monday,
March 4, 1957.

MORNING SESSION

--- The Commission opened at 10.30 a.m.

THE CHAIRMAN: I will ask the Secretary to read the order in council appointing the Commission.

THE SECRETARY:

"P.C. 1957-52

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 17th January, 1957.

The Committee of the Privy Council have had before them a report from the Prime Minister stating that in order to provide for settlement of the dispute between the Canadian Pacific Railway and the Brotherhood of Locomotive Firemen and Enginemen, which gave rise to a cessation of operations on the railway in January, 1957, it is desirable to appoint a Commission under Part I of the Inquiries Act to inquire into and report upon the unresolved issues in the dispute.

The Committee, therefore, on the recommendation of the Prime Minister, advise:

1. That:

The Honourable Mr. Justice Roy Lindsay Kellock, Puisne Judge of the Supreme Court of Canada,

The Honourable Mr. Justice Campbell C. McLaurin, Chief Justice of the Trial Division of the Supreme Court of Alberta, and

The Honourable Mr. Justice Jean Martineau, Puisne Judge of the Court of Queen's Bench for Quebec

"be appointed Commissioners under Part I of the Inquiries Act to inquire into and report upon all matters they deem necessary in order to answer, and to answer the following questions:

(a) Are firemen (or firemen (helpers)) required on diesel locomotives in freight and yard service of the Canadian Pacific Railway (including the Eastern, Prairie and Pacific regions and the Quebec Central and Dominion Atlantic Railways)?

(b) If not, what terms and conditions, which would be fair to the firemen, to those who use the Railway, to the Railway Company, and to its other employees, should be observed by the Railway for the purpose of protecting firemen now in its employ against the consequences of the loss of such employment and seniority therein?

(c) Should the provisions in the present agreements between the Railway Company and the Brotherhood concerning 'arbitrariness' and the 'mountain differential' be maintained, dropped or modified, and if in the opinion of the Commission they should be modified, how and to what extent?;

2. That the Honourable Mr. Justice Kellock be Chairman of the Commission;

3. That the Commissioners be authorized to exercise all the powers conferred upon them by Section 11 of the Inquiries Act;

the first of these is the fact that the
the second is the fact that the

the third is the fact that the
the fourth is the fact that the

the fifth is the fact that the
the sixth is the fact that the

the seventh is the fact that the
the eighth is the fact that the

the ninth is the fact that the
the tenth is the fact that the

the eleventh is the fact that the
the twelfth is the fact that the

the thirteenth is the fact that the
the fourteenth is the fact that the

the fifteenth is the fact that the
the sixteenth is the fact that the

the seventeenth is the fact that the
the eighteenth is the fact that the

the nineteenth is the fact that the
the twentieth is the fact that the

the twenty-first is the fact that the
the twenty-second is the fact that the

"4. That the Commissioners be authorized to secure technical advice and assistance from the members and staff of the Board of Transport Commissioners and from any other board, commission, agency or department of the government of Canada;

5. That the Commissioners be authorized to engage the services of such counsel, staff and technical advisers as they may require at rates of remuneration and re-imbursement to be approved by the Treasury Board;

6. That the Commissioners adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the inquiry and sit at such times and places as they may decide from time to time; and

7. That the Commissioners report to the Governor in Council.

(Signed) R.B. Bryce

Clerk of the Privy Council"

THE CHAIRMAN: I think I ought to say at the outset that while we are sitting in a court room we are not sitting as a court. I do not suppose anybody would make that mistake but sometimes it has been made. There is not too much accommodation for a Commission of this kind in Ottawa. Other commissions have sat here and that is one reason why we are sitting here. It seemed to offer the facilities which we need. As we are not sitting as a court, I would ask counsel to strive, if they can, to overcome the habits of a lifetime and not

use the style of address which is used in a court. Almost anything else will do if it has any dignity at all. Mr. Sinclair is appearing for the Canadian Pacific Railway Company. Is there anybody with you?

MR. SINCLAIR: Mr. John Pearson is with me, Mr. Chairman

THE CHAIRMAN: And Mr. Lewis is for the Brotherhood. Is there anyone with you?

MR. LEWIS: No, Mr. Chairman.

THE CHAIRMAN: And Mr. Mundell and Mr. Hughes are for the Commission. Are there any other representations?

MR. LESLIE WISNER: Sir, as you said in your frank letter to President Jodoin of the Canadian Labour Congress. I wish to make representations in relation to two things. The first is the possibility of the Commission sitting elsewhere than at Ottawa. I do not wish to spell out in detail the places where the Commission might sit, but as they were included in your letter of February 23 perhaps due consideration could be given as the inquiry proceeds to sitting in such places as Montreal, Toronto, Winnipeg and Calgary. I think it would be useful to the Commission. There might be other organizations who might make representations to you if you sat elsewhere than at Ottawa whereas it might be an obstacle to them to have to come all the way to Ottawa to make representations

The other point is that I just wish to say that the Canadian Labour Congress wishes to make a

written representation to you and at some convenient time we will be glad to come before you and defend that representation. Thank you very much.

THE CHAIRMAN: What do you say, Mr. Lewis:

MR. LEWIS: Mr. Chairman, I think you will recall that when we first met to discuss procedure the question of hearings elsewhere than in Ottawa was not raised by me or, if my memory serves me right, by anyone else. The officers of the Congress have discussed the matter with me. I support the suggestion that has been made. I think that the points raised by them have validity

They have instructed me that one of the measures discussed at the time when the settlement took place was the finding of a way to bring this issue closer to the public of Canada and to bring the public of Canada closer to the issue. I think that would be served by sittings of the Commission in some or all of the cities mentioned.

I wish also at this time to repeat what I suggested during our procedural discussions, that is, that I wish on behalf of the Brotherhood to suggest respectfully to the Commission that there be a viewing on the spot of certain operations across the country as part of the evidence presented. The viewing suggested by me would be in addition to the viewing that the members of the Commission have already done by way of -- what would it be -- a pre-Commission educational course so that you would know what we were talking about, assuming that ignorant people like

myself will know what I am talking about in this rather complicated matter. The viewing I suggest would be an actual part of the evidence presented and at an appropriate point this morning, Mr. Chairman -- perhaps this is not it -- I should like to suggest how that viewing might be done. But I support the suggestion of sittings in other places as well as Ottawa.

THE CHAIRMAN: What do you say, Mr. Sinclair?

MR. SINCLAIR: Mr. Chairman and members of the Commission: I am rather surprised to hear that my learned friend does not recollect that this matter was discussed on January 28. I have a clear recollection of it being discussed.

So far as I see it, sirs, this is a part of a labour dispute and the Commission and its appointment was a term of settlement. The Canadian Labour Congress is not a party to this matter, except possibly and only under Question 2 that is before the Commission they might have something that would be helpful. It is an unusual situation to have a group such as the Canadian Labour Congress ask to be heard in a dispute between an employer and a union that has a labour agreement.

Of course, we will not know what they are going to say until we hear them and they might well restrict themselves, of course, to that part of the proceedings where they might, I would suggest, have something that would be relevant. So far as the main

issues are concerned, I think they would not and could not.

With respect to sittings at places other than Ottawa, it was my understanding that Mr. Lewis agreed that was not necessary when we were here on January 28, and I cannot see how the expense would in any way be justified because there are not sectional differences here with the possible exception of the mountain differential position.

For the Commission to go on tour is an expensive matter. It is much cheaper to bring the witnesses here than to take the entire Commission on tour but leaving that aside I would think that under the able direction of Mr. Lewis all their witnesses could be brought here. He has a well and completely organized client and I also can bring what witnesses I will require here. If the Commission is going on tour I think there are places where they would get more information that would be more helpful to them, if they felt it was necessary to go on tour, than to go to the places that have been suggested, but I do not think it is necessary for the Commission to go.

I think that the witnesses can be brought here and the evidence can be given, and if the Commission then decides it wants to have a view that is a different matter. If, for instance, the Commission is to go on tour I should like to make certain suggestions as to places where they might go.

THE CHAIRMAN: Speaking from recollection, on January 28 the place of sitting was certainly dis-

cussed. You are right in that Mr. Sinclair, but I think perhaps I was responsible, as my recollection goes, in thinking that because the previous hearings between you had been successful held here there was not any reason why the Commission should not proceed here, and I think that was all the discussion there was about it. But if either party, to use that term in a non-technical sense, on further consideration thinks that would not be adequate, the Commission certainly is going to consider it Mr. Lewis, what about Mr. Sinclair's suggestion that any material witnesses can be brought here at less expense than for the Commission to go where the witnesses are.

MR. LEWIS: Mr. Chairman, I recall what took place on January 28, and the reason I did not suggest going elsewhere was because I agreed with Mr. Sinclair on that point. I knew of no obstacle to my bringing all the witnesses to Ottawa to present evidence; I knew of no obstacle to Mr. Sinclair doing so on the basis of the presentation of evidence alone. I agreed then -- I do not recall whether there was occasion to say it then, but it certainly was in my mind -- and I agree now that there is not anything to be gained by that, and the expense involved would not justify going to the witnesses rather than having the witnesses here. I think my recollection is right -- I made no notes - but I did suggest to the Commission that I would, as the hearing went on, suggest some viewing on the spot of the actual operations, and I think that has become more important to me as I have learned a little more about the subject than I knew

before.

Now, the reason that I support Mr. Wismer's suggestion and that of the Canadian Labour Congress has not to do with the presentation of evidence, but with the purpose of a royal commission of inquiry generally; and I have been impressed -- and I respectfully suggest that members of the Commission might take into consideration the view of the officers of the Congress and of Mr. Gamble and his committee of the Brotherhood with whom I have discussed it further since the Congress officers spoke to me -- that whatever the outcome might be, whatever the recommendation that this Commission may make to the Governor General in Council, the acceptance of that recommendation by the public and by the people involved is, in a democratic environment, of great importance. It is their belief -- and I think it has a great deal of validity to the acceptance of the entire procedure and of the recommendation, whatever it may be, will be more warm; it will be a more warm one, more likely to be favourably accepted, if people across the country have their say before the Commission. Whether it is entirely relevant or not is something the Commission has to weigh and not, with great respect, my learned friend or I, and that would advance the purposes for which the Commission was appointed, in view of the fact that there had been a nine-day labour stoppage before it was appointed

I also do not see why Mr. Sinclair ought to suggest that the Canadian Labour Congress, or any other body, might not express a view on any of the questions which are before this Commission. I find it a little difficult - and I said so on January 28 -- to see what they can say about some of the technical problems and in some cases they might not be things to which the Commission would give very great weight. I hope that there are not too many of these representations which would prolong the inquiry unduly and perhaps unnecessarily; but I think it would be contrary to the concept of a commission under our system not to open the doors to anyone who wants to say something; at least have their wishes communicated to the Secretary of the Commission or the counsel of the Commission and the Commission from time to time make up its mind whether it is necessary to hear a party who has requested a hearing, depending on the reasons for the request.

THE CHAIRMAN: Well, we will consider both of these points and let you know at a later date what the decision is

MR. LEWIS: Mr. Chairman, I am sorry; I have not been in this court room before, but all the warnings I have received about the acoustics seem to be completely justified. I find it difficult to hear

THE CHAIRMAN: Even to hear me?

MR. LEWIS: Even to hear you, unless you

pitch your voice a bit

THE CHAIRMAN: Well, I will pitch it right at you, then. We will consider both these points and announce our decision at a subsequent date later on

MR. LEWIS: Thank you very much

THE CHAIRMAN: Are there any other preliminary matters? Mr. Sinclair, the question is --

MR. LEWIS: I am sorry, I did say I wanted to mention something about viewing. I think this is perhaps the most appropriate point at which to mention it, whether it is decided or not. My study of this matter has shown me that since this issue arose in February of last year, and particularly since the hearing before the conciliation board arose, certain changes have been introduced by the railway through instructions such as that in some cases -- whether it is right across the system or not I do not know -- firemen must not be given any signals that cuts off cars should be short rather than long.

THE CHAIRMAN: What is that word?

MR. LEWIS: The number of cars to be built up should be short rather than long. There have been certain bulletins issued taking from the firemen certain duties that they had formerly been given and had carried out.

Now, I won't question, of course, Mr. Chairman the right of the railway to run its business, and if that is what it wants to do that is its concern; but any viewing which will be done --

and I want to place this on the record immediately -- and some will I think have to be done for the purpose of the inquiry should, in my respectful submission, be done in both ways; that is, instructions should go to the employees of the railway to do them exactly as they had done them before, and then also, if the railway wishes, to do them according to the instructions which they have received since the dispute arose; because unless this is done, the Commission will not get the picture which is necessary as to the difference which would be created, whatever the difference might be, by the fireman doing less than he did before or not being there at all.

I wanted to make clear that some of the things that would be seen now are not the things which were done when this dispute arose, but have been introduced as changes by the railway, for whatever purpose and whatever motive -- I can guess at some part of it, some of the changes which have been introduced by the railway since the dispute arose. I shall, as time goes on, request the Commission that certain viewing be done in places like Calgary, Toronto, Winnipeg, whether or not there are hearings, and over the mountain area, whether or not there are hearings, anywhere around there, because I think they are operations which the Commission should see; but I am very anxious that the Commission see these operations performed as they used to be performed as well as the way the railway now is ordering them

to be performed so that the distinction the difference, might be registered.

THE CHAIRMAN: I think, perhaps ..

MR. SINCLAIR: May I say a word?

THE CHAIRMAN: Yes.

B-2 MR. SINCLAIR: Mr. Chairman, I thought my friend was going to talk about the necessity of viewing. In so far as there have been changes in practices on the railways, they are going on all the time, and any practices that have been changed were to make the operations safer and more efficient. Some of the things which my friend has spoken about I would respectfully suggest to the Commission he has been misinformed about We will deal with this in evidence. I am not going to say anything more than that, nor anything about any actual change -- shall I put it that way? But I certainly do not think that this royal commission should ask the Canadian Pacific to put unsafe practices on for it This railway business is not one that we wish to have at any time, even for tests, tried out in an unsafe way I think it is a remarkable suggestion from my friend that when for the good of the employees as a whole there has been a change in the practice to make it safer, to suggest that we run tests that are unsafe

MR. LEWIS: Mr. Chairman, I hoped my friend would not do that. I must take objection to that. The changes I referred to, Mr. Chairman, my friend

says I have been misinformed about. He has been misinformed. They do not make the operation safer; they make it less safe.

MR. SINCLAIR: That is a matter of opinion.

MR. LEWIS: They do not make them efficient; they make them less efficient, and my suggestion to see them done in the proper way, in my submission, the way they were done before, is precisely that the Commission might see that they are less efficient and less safe than the previous practices were.

My friend has absolutely no justification for suggesting that I am proposing something that would be less safe. I am doing it in the sincere conviction that it was more safe to do it by the previous method than the present method, and I want the Commission to see both ways.

THE CHAIRMAN: I suppose that when you come to ask us to view the particular place what we see will cover this matter that has been discussed. Perhaps we can leave it at that for the time being.

Perhaps, in order to consider every matter fully, we ought to have your suggestion as to where you think the Commission should sit, and approximately how long in each place. Indicate that, Mr. Lewis.

MR. LEWIS: Yes. Mr. Chairman, I think I can do it now although I was thinking that perhaps the Commission might wish to discuss that in relation

to a time table, and so on, with my friend, myself and counsel

THE CHAIRMAN: Well, if you will indicate sufficiently so that we shall know what is involved.

MR. LEWIS: The places that have been suggested are Montreal, Toronto, in addition to Ottawa, Winnipeg Calgary and Revelstoke.

THE CHAIRMAN: Montreal, Toronto, Winnipeg

MR. LEWIS: Calgary and Revelstoke. I do not know whether these are the places suggested by Mr. Jodoin; they are the places I suggest after discussion with them and with my people.

THE CHAIRMAN: Well, in so far as the letter that has been mentioned to Mr. Jodoin is concerned, it arose in this way. I was informed that Dr. Forsey had approached the counsel of the Commission with a suggestion -- and I assumed in my ignorance that Dr. Forsey was speaking for you and your clients at that time, and I had a similar view when the letter that Mr. Jodoin wrote came along. I did not know the relation between Dr. Forsey and Mr. Jodoin. Perhaps a well-informed citizen of this country ought to know these things. That is how that letter was written; it was written simply to give him such information as I had at the time. With respect to Montreal, Toronto, Winnipeg, Calgary and Revelstoke, on the question of viewing, would there be the same places or other places?

MR. LEWIS: There would be Revelstoke and around the mountain district; Calgary and around the Calgary district. No, I think they would be the same places but one place which I have left out, the one part of Canada, is the Atlantic provinces, and it has been suggested that perhaps Saint John is a place at which a hearing should be held. I have not been there. I do not know what there is to see there, but I can find out.

THE CHAIRMAN: What about the time? Have you anything in mind as to how long it would be?

MR. LEWIS: I have not, Mr. Chairman, and that is the reason why I thought perhaps some discussion could take place as to how much evidence would be presented here and how much elsewhere. That would govern it, would it not?

THE CHAIRMAN: In suggesting these places you are not departing from the idea that the main part of the hearing would be here?

MR. LEWIS: No, I am not, because I think it would be most convenient for the Commission, its offices and officers and so on, to have the main part here.

THE CHAIRMAN: Very well. Is there anything else you wish to mention before we proceed with the hearing of evidence?

MR. SINCLAIR: I have a few opening remarks, if I may with respect to the position of the company in this matter

May it please the Commission, firemen on the Canadian Pacific are covered by a labour agreement. This labour agreement was open for revision in April of 1956. Pursuant to the terms of the agreement, both the union and the company proposed revisions. The proposals made by the union have been settled. The proposals made by the company are in the main still outstanding. The existing agreement which will be introduced in evidence provides that the clauses dealing with **first, the** employment of firemen on diesels; **second, preparatory** and final inspection arbitraries, and **third,** mountain differential will all be renegotiated in the light of this Commission's report. That is on the terms of the existing labour agreement covering firemen who are working on the Canadian Pacific.

Mr. Chairman and members of the Commission, Canadian Pacific welcomes the appointment of your commission because it believes that your report will bring to finality a labour dispute which is of vital interest not only to Canadian Pacific and the firemen's union but also to the public of Canada, because it did, as my hon. friend mentioned, result in a strike that denied to the public of Canada the services of the Canadian Pacific for nine days

The three questions that are referred to your Commission by the order in council raise two main issues, in my respectful submission.

The first is: should Canadian Pacific be compelled by a labour agreement to employ firemen on all locomotives? The present agreement excepts diesel locomotives with 90,000 pounds or less weight on drivers. Therefore the question is solely this: should the exception that is now in existence in the agreement not be extended to diesel locomotives in freight and yard service?

In determining this issue the Commission will make findings as to whether firemen are required, and it is my submission that that means essentially on diesel locomotives in freight and yard service.

MR. LEWIS: I did not hear that.

MR. SINCLAIR: I said "essential." I think I am giving the dictionary ^{SYNONYM} ~~minimum~~; it is a synonym of required, I think, essential or requisite.

THE CHAIRMAN: What is the exception you refer to?

MR. SINCLAIR: The exception is that firemen must be employed on all diesel locomotives, with a few exceptions. One in particular is excepting on locomotives in yard service with 90,000 pounds or less weight on drivers. That is, 90,000 pounds or less

weight on the drivers. The weight on drivers will be explained in the evidence as being the weight of the locomotive on the rail from which traction develops.

THE CHAIRMAN: How long has that exception been in force?

MR. SINCLAIR: That exception has been in force since the agreement became effective in 1949, January 1. That is, the diesel rule came into our agreement on January 1, 1949. I will call evidence to show that in proper historical sequence and also to deal with the exceptions.

As a corollary to the main issue, to the first issue that I mentioned, there is the question of what terms and conditions would be fair, not only to the firemen who would be displaced from diesel locomotives but to the public who use Canadian Pacific services; to the Canadian Pacific itself; and to its other employees.

Question No. 2 of the three questions which in my submission are a corollary to the main issue, the first issue I mentioned -- the second main issue in my respectful submission deals with the provisions of the labour agreement which give all firemen, whether on steam or diesel power, certain additional compensation. In one case this compensation has to do with the so-called arbitraries that are

referred to in Question No. 3. These are the so-called arbitraries for preparatory and final inspection of locomotives. This will be explained in evidence. That is the one case.

The other case is for firemen being on locomotives in sections of British Columbia, which is the so-called mountain differential.

Mr. Chairman and members of the Commission, both of these main issues arise from changes in the work requirements in railway service, largely if not entirely due to technological advances. The work requirement on steam power locomotives are directly in issue only on the question of arbitraries. What the firemen do on steam power is a matter of preparatory work and final work and that is a direct issue under Question No. 3 dealing with arbitraries. That is the only time where it comes directly in issue in connection with steam power. However, the working conditions of firemen and railway operations with steam power will also be explained in evidence so that the Commission may have a factual background to judge the marked change that has come about in railway operations as a result of the introduction and use of diesel locomotives.

The evidence will deal with what may be described as the diesel revolution, that is the transition from steam to diesel power which is about 60 per cent completed on the

Canadian Pacific at this time. The transition from steam to diesel power is proceeding smoothly to the benefit of Canada as a whole, but it is impeded by only two things and those two things have a relationship to each other.

The smooth transition is being impeded by the inability of Canadian Pacific to purchase diesels any more quickly than it is doing because of limited capital resources, and it is also being impeded in its ability to realize the full operating savings with diesel motive power, that diesel motive power makes possible because of the labour agreement with the firemen's Union.

This labour agreement enforces the employment of firemen who are not required. The present labour agreement insists on firemen being assigned to all diesel locomotives, and in our position as a company we submit that this is outmoded and unrealistic in this railway diesel age.

That a fireman on a diesel is an unnecessary member of the crew in freight and yard service is not the fault of the fireman. He has tried to find work to occupy his time. Today he may be trying harder than ever. He tries to keep busy. Firemen as a class on Canadian Pacific are and have been loyal members of the operating team. They would like to be able to earn their pay. Without

any fault on the part of the fireman, the diesel has made him a fifth wheel, unnecessary to safe and efficient railway operation, as the evidence will show.

It will be shown in evidence that the yard and freight diesel fireman is not the first employee on the railways who has been displaced by technological progress, nor indeed, as the Commission well knows, is the fireman the first worker in other than railway industry that technological progress has made surplus. The men displaced of course are available for other productive work. That is the strength of our growing economy and prosperity.

It may be well at this stage to draw the attention of the Commission to an anomaly that the evidence will make obvious; that is, why there should be three men in the cab of a freight diesel when only two men are required in the cab for safe and efficient operation by high speed locomotives, whether steam or diesel. ^{on PASSENGER TRAINS} It is the position of Canadian Pacific that the anomaly should be corrected by removing the fireman from the cab of the freight diesel.

In yard service there is also an anomaly. Diesels switching locomotives move at slow speeds. Operations are controlled by signals given to the enginemen by his yard crew. Safe and proper practice, as the evidence will show, is for signals to be

relayed directly from the ground to the engine-man.

Why is a fireman required to sit on the left-hand side of a diesel when there is nothing for him to do? It is required only by the labour agreement. It is the position of Canadian Pacific that he is required for no other reason. I am talking generally.

Evidence will be introduced of millions of miles of successful train and yard operation without firemen. In my respectful submission the question the Commission must answer, and the evidence will be directed to this, is this: is the firemen's union to be allowed to block technological progress by make-work rules? It is our position that the diesel clause in the labour agreement is a make-work rule. It is our position that it is out and out feather bedding.

The evidence will show that the primary duty of the fireman is attending his fire. When he is not busy at this, he had as a secondary duty the maintenance of a lookout, but his only craft right is the attending of his fire. His secondary duty of maintaining a lookout was merely duplicating the primary duty of the headend trainman on freight trains. The evidence will show that removing the fireman from freight and yard diesels will not transfer his work to others. There will be no transfer, in our submission, of craft rights from firemen

to other crafts.

I intend to present evidence from men experienced in engine service, former firemen and enginemen; men who have run as trainmen and conductors; men who have worked on the foot-board of yard engines; and men who are responsible for the mechanical functioning of diesel locomotives. Most of these men have today continuing responsibility for the safe and efficient operation of parts of the Canadian Pacific system.

As well, I will call men who hold senior management posts in Canadian Pacific and who have the responsibility of providing safe and efficient transportation to meet the needs of the Canadian public. I also intend to present evidence as to operations on other railways in Canada and elsewhere.

As I mentioned, the evidence on the first issue as to whether firemen are essential or requisite in the operation of freight trains will be handled with some detail. We say that they are not required. That is our position. I did say that we were speaking generally at this time, and I want to make that clear.

Evidence will show that in some cases signals are taken by a fireman. In most cases this arises from the mere convenience to the ground crew, but in a few instances it may be a case of speeding up operations. With the

present appliances on Canadian Pacific diesels there is the odd location, and it is very odd, where by pre-arrangement the fireman is of necessity used as a signal passer. This situation, as I have just referred to, could easily be obviated by the providing of dual control stations for the engineman on locomotives, by radio communication between the engineman and the ground crew, and also possibly in some locations by fixed signals. This will be explained in evidence.

It is the position of Canadian Pacific that the choice of means to attain efficiency must remain the prerogative of management; that is, whether we put on dual control stations now when we have to have firemen under the labour agreement, or wait until the fireman leaves and then put them on, or until we are able to remove him and not be circumvented by a labour agreement; that is a matter of efficiency which must remain the prerogative of management, subject only to this.

Our position is that it is subject to review provided by law. That is, the question of efficiency is subject to review under the charter by the people who granted that charter, which of course is the parliament of Canada, under the Railway Act.

There is a continuing responsibility and jurisdiction under the Railway Act which

the company is required to meet in regard to efficient operation.

Safety also is a prime responsibility of management. That is a responsibility which Canadian Pacific has accepted as an essential part of its business endeavours. Here again, while the prime safety responsibility rests with management under our law, it is subject to the continuing jurisdiction of the Board of Transport Commissioners under the Railway Act. The Board of Transport Commissioners have continuing jurisdiction, for instance, to decide how many men are needed on any specific assignment, leaving of course the prime responsibility to Canadian Pacific.

The proposal of Canadian Pacific for displacing firemen not required will be presented to you. It will result, in our submission, in a gradual and orderly transition. It will meet in full the requirement of fairness to the firemen and to other employees. It will provide for maintenance of employment with Canadian Pacific at reasonable earnings with full protection of seniority as firemen. It will defer for a time the full realization of the possible savings to the users of Canadian Pacific services and to the company.

Now, on the issue of additional compensation as required by the labour agreement for so-called preparatory and final

inspection. The evidence will demonstrate that the arbitrary allowances are unrealistic in the light of present operating practices. They are remnants of a bygone era. This applies, as the evidence will show, both to steam power and diesel power. The evidence will show that firemen are receiving pay for preparatory and final inspections when there is nothing for them to do and where they in fact have left the premises and are on their way home when they are still under pay. These arbitraries are exactly what their name implies, payments to firemen whether or not there is work for them to do.

The position of Canadian Pacific on arbitraries is that the agreement should be modified so as to provide that the company will pay for only the time it requires firemen to be on duty.

With regard to mountain differential, the evidence will show that the differentials for mountain transportation service have disappeared from passenger fares and freight rates and it should, in the submission of the Canadian Pacific, disappear from labour rates. The reason for the mountain differential in labour rates will be explained in evidence. It was to compensate the fireman for the greater work imposed on him firing a locomotive while it struggled up a mountain grade. It also had some relation to the greater time on

the road in mountain territory. The change that the diesel has brought in in both these aspects, that is work and time, will be explained in evidence. I might say that Canadian Pacific is completely dieselized in mountain territory.

The position of Canadian Pacific is that mountain differential rates should be dropped from the labour agreement and the pay scale in mountain territory placed on the same basis as is in effect in the surrounding territory of British Columbia.

Mr. Chairman and members of the Commission, the need to eliminate all unnecessary cost from Canadian Pacific operations will be made apparent by the evidence I intend to present to the Commission. Unnecessary costs must be eliminated to protect the jobs of the large body of Canadian Pacific employees and to maintain Canadian Pacific as an efficient transportation agency. So much for the outline of our position and the evidence in general which I intend to present.

We recognize the importance and the difficulty of the work of your Commission. I wish to assure the Commission that in every way possible I will present the facts to you to enable you to answer properly the three questions before you. Inevitably there will be in the evidence a certain amount of repetition, but Canadian Pacific wishes the

Commission to have a full understanding of its operations and the evidence is designed as far as possible to provide it. We of course realize the difficulty with which you are faced and we hope to present the evidence in such detail that you will have a good understanding of the matter.

Now as to Commission counsel who with the Commission represent the public interest in these proceedings. Anything that I and my clients can do to assist them in their work we will do.

I have assured my friend, Mr. Lewis, as counsel for the union that if there are any facts, figures, plans or other material that he needs I will try to assist him. Thank you.

--

--

--

MR. LEWIS: Mr. Chairman and members of the Commission, I believe I am right in understanding that the evidence on behalf of the railway will necessarily come first in the sequence of the proceedings. I should like with your permission to make a statement of the Brotherhood's position.

In this introductory statement I shall deal only with the first question, namely whether engineer's helpers are required on diesel engines in yard and freight service on the Canadian Pacific. This is the major issue presented to your Commission for determination. It was, as you know, the cause of a nine-day work stoppage at the beginning of this year and is fraught with serious consequences.

In public comment on this issue in the last few months the suggestion has sometimes been made that what faces the railway and its employees in this matter are the consequences of automation in railroading. It will be my respectful submission, on the basis of the evidence, that the problem involved in this case has no relation to automation properly understood. This is what Mr. Sinclair referred to as the diesel revolution.

The diesel engine is merely another kind of machine for the production of motive power. It is more powerful, a more modern machine for that purpose and has a number of

technological and mechanical advantages over the steam engine. But once it is on the tracks ready to do its work, once it is in movement, it is merely another engine pulling a train. The only difference is in the power plant itself. The feeding of the fuel to the plant and the production of power are automatic, and the work of firing the engine is no longer necessary. Even in this respect, however, there are mechanical difficulties that may be encountered and that must be adjusted to keep the engine and the train in motion.

The important point, in my respectful submission, is that the train and the engine still require the same attention; still present the same hazards to railway employees and to the public; still demand the utmost attention from the point of view of safety; and still require the same meticulous concern for the timetable and train orders as did the train pulled by a steam engine.

Automation is more than merely a technological advance. We have had many and important technological advances in the past without their having the characteristics of automation or of revolution. The concept of automation implies a development where the machine replaces the human mind, memory, eyes and ears. The diesel engine does nothing of the sort. True, it has eliminated the

manual work formerly involved in firing the engine. But the train's progress -- its safe and efficient progress -- along the tracks still depends solely on the train and engine crews. And the evidence will show that the same number of minds, memories, eyes, ears and arms are required to run the diesel train safely and efficiently, with a minimum of hazard to human life and limb and with a maximum of security for the railway, its employees and the public, as were required in the case of the older type train engine.

The Brotherhood of Locomotive Firemen and Enginemen have sometimes been represented as blindly opposing progress. My learned friend, Mr. Sinclair, suggested this morning that the rule in the agreement is feather bedding, is merely a make-work rule that is virtually unnecessary. It has also been suggested that the Brotherhood is primarily concerned with its own continued existence as an organization. I respectfully submit that that is grossly unfair. Naturally men who have been firemen and engineers' helpers for many years, who have followed an occupation which has existed for many decades, are loath to accept the proposition that they have become useless and should be eliminated. This itself is understandable and deserves sympathy rather than condemnation.

However, the evidence will establish that the serious and sincere concern of the members of this Brotherhood is the safety and efficiency of railway operations. It is their profound conviction that the Canadian Pacific Railway is mistaken in the proposal which it has made to eliminate helpers from diesel engines in freight and yard service. They are also aware of the fact, as the evidence will show, that all the railways in the United States, which are in negotiation with the Brotherhood in that country, and the Canadian National Railways at home, which is in negotiation with the Brotherhood in this country, abandoned a similar proposal in short order and signed collective agreements without change in this respect.

Nor are members of the Brotherhood of Firemen alone in their strongly held views. The members of the Commission will no doubt find it significant that the witnesses who I intend to present to the Commission will support these views and will include engineers, conductors, trainmen and yardmen. In fact every trade engaged in operating the railways in freight and yard service will be represented in evidence before this Commission and every one of the witnesses, speaking not only for himself but for those associated with him, will express the view, based on his daily practical experience, that it is impossible to operate

a diesel freight train and a diesel yard engine safely and efficiently without a helper for the engineer.

The evidence will also show in my submission that the savings which the railway claims it would make by the elimination of helpers from diesel engines in freight and yard service may well be seriously exaggerated. It will show that the elimination of the engineer's helper would inevitably mean that a good many of the necessary operations in yard and freight service would take much more time than they now take and time, of course, costs money to the railway and to the public.

Above all, it will be our submission that the evidence will show that the absence of the engineer's helper would increase many times the dangers of mishap, both small and serious. It will show that it would become impossible to obey the rules in many important respects and at the most critical points, operating rules which have been developed over the years as indispensable to safety and which are uniform throughout the country, and which I am instructed, except for certain adaptations, are uniform also in the United States.

The evidence will show that the removal of the engineer's helper would increase the burden of responsibility on the engineer, that his job would become more difficult and

more nerve-racking than is either safe or reasonable for a person trusted with the tremendous responsibility of running a train safely within time limits according to complicated train orders and within the rules.

The evidence will show in my submission that the removal of the engineer's helper would increase the burden carried by the train crew, that is to say by the conductor and the two brakemen in road service and by the ground crew, namely the yard foreman and two helpers in yard service, unless in either case the train crew or the yard crew is increased, which of course would again reduce the alleged savings.

I am confident that the Commission will be impressed with the sincerity of the witnesses which the Brotherhood will present to you. I am certain you will be impressed with the fact that all the running trades engaged in the operation of trains in road and yard service are deeply concerned about the possible consequences of the railway's proposal. Their concern, as the evidence will show, is not narrowly selfish; their concern is with their own safety, the safety of their fellow employees, the safety of their fellow citizens of Canada and the safety of the trains on which they work with very considerable pride.

It will be my submission, as the evidence will establish, that a five-man crew

on a freight train is the minimum crew required, whether the engine be steam or diesel. That crew now consists of the conductor and two brakemen, an engineer and a helper. Each one of this crew has his primary responsibilities and duties which, the evidence will show, in each case are indispensable and interrelated.

The conductor has the overriding duty of supervising the operation of the train in all its aspects, of making certain that train orders are carried out and of supervising all switching operations and all setting off and putting on of cars. One of the brakemen is known as the rear-end trainman or brakeman. He has the particular duties of protecting the train by flagging at his end when necessary, of switching, of coupling and uncoupling cars, of setting off, lifting, spotting and dropping cars, of inspecting the train while in motion and at stationary inspection points, and of performing the other functions which the rules of operation require of the train crew.

The other brakeman is known as the head-end trainman or brakeman. It is true that he rides in the engine cab, but this is the only place he can find at the front of the train, since he cannot be expected, particularly in Canadian weather, to ride on top of the cars, and he would be no use riding in the rear-end caboose where the conductor and the other

trainman are. Even though he rides in the cab of the engine his responsibilities are not with the engine. His responsibilities are also with the train, protecting the front end of the train by flagging when necessary, switching, coupling and uncoupling cars, setting off, lifting, spotting and dropping cars, exchanging signals with the rear end, inspecting the train while it is in motion and at stationary inspection points and performing the other functions required of the train crew.

Then in addition to the train crew there is the engine crew of two, the engineer and the engineer's helper. The functions and duties of the engineer are obvious. He is at the engine's controls. His helper also has specific and primary duties and responsibilities. On a steam engine the fireman had two sets of duties, one of which was the manual work connected with supplying the fuel to the engine and with producing the power. That manual work became easier and less burdensome as technological progress was made from wood to coal, from hand-firing to the stoker, from coal to oil, and finally from oil to the diesel engine. It is, of course, admitted that on the diesel engine there is no firing to be done.

However, the evidence will establish that the engineer's helper on the diesel engine still retains the other duties which he has

always had, and which in my submission are necessary and indeed indispensable. He is the engineer's eyes and ears on the left side of the cab. He assists the engineer in keeping the necessary lookout so that the maximum safety may be achieved and all the vital rules observed. He is there to receive and transmit signals when they can most safely and most efficiently be given on his side of the engine. If a minor defect develops on a diesel unit, he is able to and does correct it while the train is in motion, thus avoiding the hazards and loss of time of an unscheduled stop. He is able to watch for and to call the order boards which are on his side and which the engineer is therefore unable to see. He is, as an eminent Canadian has put it, the engineer's co-pilot.

The evidence will show that at any time after a minimum of three years' service a helper may be qualified as an engineer if he has passed certain written and oral examinations. Such a helper, and a large number of helpers are in this class, is able to relieve the engineer when the latter becomes over-fatigued or is overcome by some illness or some other emergency to which a human being may be subject. The engineer, although highly qualified, devoted and efficient, is subject to the ordinary human failings, both physical and mental. He desperately needs an assistant to reduce the

possible disastrous consequences which would result from ordinary and natural human failure.

It will be clear from the evidence which will outline the duties much more fully than I have summarized them that the removal of the engineer's helper would have the consequence either of leaving the engineer as the only person responsible for moving the train safely and efficiently from one point to another or, alternatively, of placing additional burdensome responsibilities on the head-end brakeman, namely the responsibilities of acting as the engineer's helper as well.

Yet the head-end brakeman is not trained to perform many of the duties of the helper, as the evidence will show. His entire interest and orientation would have to be changed. The helper, training to become an engineer, learns not only the mechanical features of the engine, but is trained also in the management of the locomotive. He can reset various instruments when failures occur and he is equipped to help the engineer go over the road. The evidence will show that the brakeman has none of this training except incidentally what he might pick up from sitting in the cab.

Furthermore, the evidence will also show, in my respectful submission, that on many crucial occasions during a train's trip, the head-end brakeman in freight service must

be on the ground; he cannot remain in the cab. He must attend to the duties of flagging and switching, of coupling and uncoupling cars, of riding cars to secure or release brakes and numerous other ground duties. Furthermore, the evidence will show that precisely when the operations of the train require the head-end trainman to be on the ground is the time when lookout on both sides of the engine is particularly crucial and important to the safety, not only of the train crew but of the public and of the railway equipment.

The reasons, as the evidence will prove, is the simple one that usually the head-end brakeman is required on the ground at a station or at a yard or elsewhere where switching operations are needed, where cars are set off or taken on. Frequently these are precisely the points at which one or more level crossings are involved, where pedestrians, both adult and children, have to be watched for. At those crucial times in the train's progress the engineer would be alone in the cab of the engine if his helper were no longer there. He would himself have to look out for the crossings, for pedestrians and for signals and yet he would, in the overwhelming majority of cases, be utterly unable to see on the other side of his engine; he would be, to put it simply, half-blind.

It should never be forgotten that train operations are carried on by night as well as by day, in out of the way and small communities as well as large centres, over hills and mountains and around curves as well as over straight, flat terrain, in rain and snow and storms as well as in fine, sunny weather. I will respectfully submit that it is unfair, unsafe and shortsighted to seek to leave the engineer without a trained and qualified helper in most of the circumstances and in conditions in which train operations necessarily take place.

There are, of course, some straight stretches of track which present a minimum of hazard and there are, of course, times when weather and visibility conditions are good. But the evidence will disclose, as anyone knowing Canada would conclude, that such favourable conditions are the exception and not the rule. Hills, mountains and sharp curves are more frequent than straight, flat terrain; rain, snow, frost and wind are common throughout the land; dust storms, snow slides, rock slides and ice add to the hazards at various times of the year in one or another part of Canada.

My respectful submission will be that the responsibilities of running a train from one terminal to another safely, efficiently and on time are great and heavy great and heavy with a full crew of five.

They would become intolerable if that crew were reduced in so crucial a way as the elimination of trained and qualified assistance to the engineer.

As to yard service, the evidence will disclose a similar situation. The problems in yard service are somewhat different from those in road service but they are most important from the point of view of safety, in particular, and from the point of view of efficiency, as well. Canadian Pacific Railway yards have of necessity grown in size and in the amount of work that has to be done in them. They are busy places with engines going up and down numerous tracks all the time, tracks full of cars which have just arrived or are being assembled for trains, and of yardmen and other employees going about their work through day and through night. The need for the most meticulous attention and care is overwhelming if collisions are to be avoided and danger to life minimized.

In yard service a train is also attended by a total crew of five. There is, first, a ground crew of three consisting of a yard foreman and two helpers, one of whom is often referred to as the engine follower and the other as the field man. This crew of three has its duties which keep them and each of them fully occupied. They are the ones who take apart or assemble trains; couple and

uncouple cars in the yard; move cars from one track to another; when necessary, they ride the cars in order to release or apply brakes; they do all the switching and there are numerous switches in all the yards; they give the signals to the engine crew to go forward or to back up because the movement in the yard is necessarily forward and backward all the time as trains are built or taken apart. The evidence of practical railroad men, who work in the yards from day to day and have done so for years, will show that the ground crew of three are fully occupied and have as much responsibility and as great a workload as they can reasonably and safely carry.

--

--

--

"Then there is the engine crew of two, the engineer and the helper. Again, the evidence will show that from the yard diesel as from the road diesel engine, the engineer can, in the majority of cases, see only through the right side of his cab and can see nothing whatever on the left side. If the helper were not there, the engineer would be driving through the yard half-blind. If one recalls the occasion when one has been behind a wheel in an automobile when visibility was reduced by weather conditions and the uneasiness and insecurity one has felt in that situation, one can visualize the insecurity of the engineer, his justified fears and uneasiness about being forced to drive the railway engine through a busy, bustling railway yard without knowing what was happening on one side of his engine. It should be emphasized that yard operations are even more subject to the risk of accident than road service. In fact, the evidence will show that the majority of train accidents occur in or near or about railroad yards and stations. This, in my respectful submission, is conclusive proof that care and safety measures are just as crucial for operations in the yard, and perhaps even more so, as they are for operations on the road.

Furthermore, the evidence will also

"show that the development of railway work in and about industrial plants and buildings, grain elevators, packinghouses and all the other industrial and business establishments, necessarily results in railway operations on tracks which cross busy streets and highways, which provide inadequate clearance between the train and the building served, which are almost always sharply curved, and on which the view is frequently obstructed. This makes the presence of a qualified helper on the lefthand side of the engine indispensable. The helper is indispensable both for the purpose of lookout so that everything in front of the movement of the engine is visible to the engine crew and also for the purpose of receiving signals from the ground crew. These cannot in many circumstances be given safely and efficiently to anyone on the righthand side of the engine.

Nor, in my respectful submission, would it be efficient or safe to have just anybody assistant the engineer. What is obviously required is a person trained primarily for that work. That means the engineer's traditional helper. After he has been appointed as a fireman or helper, he is required to learn about the engine and its operation; he is required to take written and oral examinations relating to the engine; his ambition

"and objective is to become an engineer. In short, his main interest on the train is the engine and the operations connected with it. On the other hand, the trainman is primarily concerned with the train, rather than with the engine; he is usually a person who is not interested in the mechanical end of things, but rather in other type of work; his ambition and objective is to become not an engineer but a conductor. This is not merely the result of tradition and practice; it is, in my respectful submission, logical and appropriate.

Thus, a fireman after three years, if he has written and passed the necessary exams, becomes classified as an engineer. He is then qualified to take the controls of the train. He is, therefore, qualified to be of real assistance in an emergency. On the other hand, the brakeman, after passing certain examinations, becomes a classed conductor. He is then qualified not to take the controls of the engine but to act in the capacity of conductor with the duties of supervision and clerical work which a conductor has. It will be obvious from the evidence given by practical railroaders that the helper who has been in the service of the company for more than three years -- and that means the overwhelming majority of firemen and helpers -- is the

only person qualified to assist the engineer in avoiding disasters, and often to take the place of the engineer while the train is in motion should that become necessary in an emergency. This helper is able to make necessary adjustments when they can be made on the road and to understand the requirements of the engine and the wishes and the requirements of the engineer.

The issue before Your Lordships has arisen because of technological changes which have reduced the amount of manual work which the helper has to do. To the extent that there is central traffic control or block signals, the use of the teletype, the installation of more automatic devices in yards, all of these developments have reduced the physical burden of railroad employees. Indeed, this is common to all modern industry. However, as the evidence will show, while the purely physical aspects of the work have been reduced, the mental requirements and nervous tensions have increased.

Trains are longer and heavier, requiring more, not less, people to run them safely and efficiently. Trains are faster, requiring greater concentration and even stricter observance of rules and the full use of one's training and experience. Train

business has, of course, increased over the years. Whether it has increased sufficiently relative to other means of transport is another question and not relevant to the present issue. Yards are busier, the number of sidings and passing tracks has increased, and the number of industrial and business sidings and the amount of railway work in that important field of the nation's life have multiplied many times. Thus, the size of the crew required to run freight and yard trains efficiently and, above all, safely, cannot be reduced in spite of technological advances.

Mr. Chairman, the position of the Brotherhood is based on solid, practical considerations concerning, first and foremost, the overriding needs of safety -- safety of railway employees, safety of railway equipment and the customers' goods, and safety of the public of Canada. It is also solidly based on practical considerations concerning the efficiency and speed of the railway's operations. Finally, its position is founded on an appreciation of the fact that the reduction of crews in freight and yard service would necessarily impose increased burdens and responsibilities on the other running trades, added burdens and responsibilities which they cannot safely and

inefficiently be asked to carry. It is the position of the Brotherhood, I submit now and will submit again and again because it deserves emphasis, that any change in railway operations which increases or is likely to increase the hazards to human life and limb even slightly cannot, in a modern society, be justified by economic considerations alone. Maximum safety in railway operations must take priority over all other considerations

The other questions which have been submitted to this Commission for its opinion and recommendations do not require any comment in this preliminary statement. The issues are simpler and feelings about them much less strong. I have, therefore, as I stated at the outset, limited myself in this statement to the major problem of this inquiry.

It is almost presumptuous to add in conclusion, Mr. Chairman, that the Brotherhood knows that it will receive from Your Lordships every reasonable opportunity to present its case as fully as it wishes. Its objective throughout this inquiry, I wish to assure you, will be to give the Commission every assistance it can to make clear its position and the reasons and facts supporting that position the facts from the point of view of practical railroaders and also to give the Commission the facts supporting the position of the

Brotherhood. Thank you.

THE CHAIRMAN: These opening statements are of assistance in enabling the Commission to follow the points which are involved and I am sure we are obliged to counsel Mr. Sinclair?

MR. SINCLAIR: My first witness is Mr. Gossage.

STEPHENSON MILNE GOSSAGE, sworn

EXAMINED BY MR. SINCLAIR:

Q You were born in 1905?

A Yes.

Q And you were educated in English schools and at London University?

A Yes.

Q You graduated from London University when?

A In 1926

Q With what degree?

A The degree of Bachelor of Science and Engineering

Q And you also had some other formal training in the United States. When was that?

A In the winter and spring of 1933-34, the academic year of 1933-34 I was at Yale University taking postgraduate work on a **Strathcona** fellowship which resulted in my receiving the degree of Master of Science and Transportation from Yale University.

Q When did you commence work with the Canadian Pacific?

A In 1926, October

Q As what?

A I was actually working as a clerk to the shed foreman at the freight shed in Three Rivers.

Q And from 1926 to 1928 you were a clerk stenographer at Three Rivers?

A Yes

Q And you then moved to Place Vigier superintendent's office in Montreal?

A As a clerk stenographer

Q And from 1930 to 1934 you were a stenographer in the office of the Vice-President and the General Manager of the Canadian Pacific for the eastern lines situated in Montreal?

A Yes

Q And from 1935 to 1941 you were a statistician to the Vice-President and General Manager of eastern lines?

A Yes.

Q In that period you were stationed at Toronto and Montreal?

A Yes. The office was moved from Montreal to Toronto early in 1937.

Q What happened in 1941?

A In 1941 I was made Assistant to the Vice-President and General Manager, still in Toronto

Q And you held that position until --

A 1945

Q What were you appointed then?

A In 1945 I came back to Montreal as Assistant Manager of Personnel

Q And your next promotion?

A My next promotion was to Manager, Labour Relations, which is the position I now hold

Q As statistician and assistant to the Vice-President and General Manager what did your

work and your jurisdiction consist of?

A I was dealing with all matters concerning the wage agreements, staff matters, statistical matters and in addition any general assistance that might be required of me. The major areas were labour relations, wage agreements, staff matters, joint facility matters between inter-company and statistical records which were used by the Vice-President and General Manager.

Q Outside of your railway career have you held any offices that would be of interest to the Commission?

A I was the President of The American Association of Railway Superintendents, I think in 1948-49 I was also the President of the Montreal Personnel Association in 1952 I believe.

Q Did you act in any other capacities?

A Yes. I have acted as adviser to the Canadian delegate to the international labour conference at Geneva in 1954-55. I also, prior to that, attended at the international labour conferences dealing with inland transportation as a Canadian employer's delegate

MR. SINCLAIR: Those are the qualifications and the experience of Mr. Gossage

BY MR. SINCLAIR:

Q Mr. Gossage, are all firemen on the Canadian Pacific covered by labour agreements?

A All the firemen on the Canadian Pacific system

are covered by labour agreements. I have here certain of these agreements which might be desirable to present to the Commission.

MR. SINCLAIR: I should mention that there are four agreements and I have them here.

THE CHAIRMAN: Will they be referred to separately later on?

MR. SINCLAIR: No, sir, with the exception that in the Eastern Lines agreement there are certain things and in the Western Division there are other things. The Western Division will not be referred to but we will be referring to the Eastern and the Prairie and Pacific agreements.

THE CHAIRMAN: I think perhaps they should be put in separately.

MR. SINCLAIR: Very well, sir.

THE CHAIRMAN: Just state what they are as you are putting them in.

MR. SINCLAIR: I do not know whether you want me to introduce these and then ask that they be marked as exhibits. Do you wish to follow the usual ruling in putting in exhibits?

MR. LEWIS: I am sure that my friend would not file a collective agreement which is not a collective agreement.

THE CHAIRMAN: It is only from the standpoint of convenience. The usual way is the best way I think. That way if anyone wants to refer to a document then we know what it is.

MR. SINCLAIR: First I have a document entitled "Collective Agreement between the Canadian Pacific Railway Company and the Brotherhood of Locomotive Firemen and Enginemen on behalf of the Locomotive Firemen (Helpers) and Hostlers employed on the Eastern Region ; rates and rules effective February 16, 1954."

THE CHAIRMAN: That will be Exhibit 1.

MR. SINCLAIR: I have in my hand a supplement to that agreement which I would ask to have marked separately as Exhibit 1-A, entitled "Memorandum of Agreement between the Canadian Pacific Railway Company and its Locomotive Firemen (Helpers) and Hostlers employed in Canada on the Eastern Division, represented by the Brotherhood of Locomotive Firemen and Enginemen." It is dated on the last sheet January 18, 1957. It is a supplement to Exhibit 1 and I would ask to have it marked as Exhibit 1-A.

EXHIBIT No. 1 -- Collective agreement between C.P.R. and Brotherhood of Locomotive Firemen and Enginemen on behalf Locomotive Firemen (Helpers) and Hostlers employed on the Eastern Region, February, 1954.

EXHIBIT No. 1-A -- Memorandum revising above agreement, January 18, 1957.

MR. SINCLAIR: With your permission I would now like to file Exhibits 2 and 2-A. Exhibit 2 is a collective agreement between the Canadian

Pacific Railway Company and the Brotherhood of Locomotive Firemen and Enginemen on behalf of the Locomotive Firemen (Helpers) and the Hostlers employed on the Prairie and Pacific Regions effective April 1, 1954. I would ask that that be marked Exhibit 2.

EXHIBIT No. 2 -- Collective agreement between O.P.R. and Brotherhood of Locomotive Firemen and Enginemen on behalf Locomotive Firemen (Helpers) and Hostlers employed on the Prairie and Pacific Regions, April 1, 1954.

THE CHAIRMAN: Are you putting in the supplement to that?

MR. SINCLAIR: Yes, Exhibit 2-A. It is the same date as the supplement referred to as Exhibit 1-A, January 18, 1957.

EXHIBIT No. 2-A -- Memorandum revising agreement between the C.P.R. and Brotherhood of Locomotive Firemen and Enginemen on behalf of Locomotive Firemen (Helpers) and Hostlers employed on the Prairie and Pacific Regions, January 18, 1957.

MR. SINCLAIR: Then, as Exhibit 3, for the purposes of the record I would like to file the collective agreement between the Quebec Central Railway Company and the Brotherhood of Locomotive Firemen and Enginemen on behalf of the Locomotive Firemen (Helpers) and Hostlers employed on the

Quebec Central Railway, rates and rules effective
May 1, 1954.

EXHIBIT No. 3 -- Collective agree-
ment between the
Quebec Central
Railway Company
and Brotherhood
of Locomotive
Firemen and Engine-
men on behalf of the
Locomotive Firemen
(Helpers) and Hostlers
employed on the
Quebec Central
Railway, May 1, 1954.

MR. SINCLAIR: Then there is a supplement
to that agreement dated January 22, 1957.

EXHIBIT No. 3-A -- Memorandum revis-
ing agreement
between the Quebec
Central Railway
Company and
Brotherhood of
Locomotive Firemen
and Enginemen on
behalf of the
Locomotive Fire-
men (Helpers) and
Hostlers employed
on the Quebec
Central Railway,
January 22, 1957.

MR. SINCLAIR: The fourth agreement is
the one dealing with the Brotherhood of Locomotive
Firemen and Enginemen and the Dominion Atlantic
Railway Company. Its rates are effective December
1, 1954 and the rules effective January 1, 1955.

EXHIBIT No. 4 -- Collective agreement
between the Dominion
Atlantic Railway
Company and Brother-
hood of Locomotive
Firemen and Enginemen
on behalf of Locomotive
Firemen (Helpers),
Hostlers and Hostlers'
Helpers employed on the
Dominion Atlantic Railway.
Rates effective Dec. 1,
1954, Rules effective
Jan 1, 1955.

MR. SINCLAIR: Then as Exhibit 4-A I have a supplement to that between the same parties dated January 31, 1957.

EXHIBIT A-4 -- Memorandum revising agreement between Dominion Atlantic Railway Company and Brotherhood of Locomotive Firemen and Enginemen on behalf of Locomotive Firemen (Helpers), Hostlers and Hostlers' Helpers employed on the Dominion Atlantic Railway; January 31, 1957.

BY MR. SINCLAIR:

Q Now, Mr. Gossage, what is the situation with respect to these agreements as to similarity; are any of the terms or conditions similar?

A The agreements marked as Exhibits 3 and 4 are generally similar to the exhibit marked Exhibit 1. The agreement, marked as Exhibit 4 has certain small differences and covers a group of locomotive engineers as well as firemen, but the terms in so far as this Commission is concerned are exactly similar to the terms in the collective agreement Exhibit 1. There are, however, considerable differences between Exhibit No. 1 and Exhibit No. 2. Those are the main agreements which cover the great body of locomotive firemen employed on the Canadian Pacific system. Those are the two agreements to which I would normally have reason to refer. I do not think that Exhibits 3 and 4 are likely

to involve matters to which it would be necessary to refer. They can be covered by reference to Exhibit No. 1

THE CHAIRMAN: I assume that Quebec Central and Dominion Atlantic are subsidiaries of the Canadian Pacific?

MR. SINCLAIR: That is correct, sir.

BY MR. SINCLAIR:

Q Looking at Exhibit 1, that is the agreement on the Eastern Region, is there any particular part of that, or the supplement to it, which is Exhibit 1-A, which you wish to draw to the attention of the Commission?

A Exhibit 1-A, the supplement to this agreement, contains the settlement that was reached here in Ottawa on January 11, by which service was restored after the strike which was called on January 2. That provides for certain adjustments in the pay and conditions which is the subject up to page 7. Then at the bottom of page 7 you will find clause 12.

Q Perhaps you would read it.

A This covers the matters that are before the Commission. It states:

The following clauses shall be subject to amendment by renegotiation in the light of and immediately following publication of the advisory report of Commission to be established pursuant to memorandum of understanding dated at

Ottawa, January 11, 1957, signed by
Messrs. N.R. Crump and W.E. Gamble,
copy of which is appended hereto."

That copy is on the last page of the supplement, Exhibit 1-A.

Q The unnumbered page?

A Yes.

Q It is headed: A proposal to terminate the interruption of transportation services on the Canadian Pacific Railway lines?

A Yes.

Q That is a copy of a document referred to in clause 12 of Exhibit 1-A. Is there any part of this memorandum which you wish to draw to the attention of the Commission?

A I think I might read the second paragraph.

"In view of the establishment of this Commission, an agreement shall be entered into by the parties, including the present diesel rule, arbitraries and mountain differential, which diesel rule, arbitraries and mountain differential shall be subject to amendment by renegotiation in the light of the advisory report of the Commission."

Then it states:

"The terms and conditions of the agreement in respect of all outstanding matters other than the diesel rule, arbitraries and mountain differential shall

"be in accordance with the report of the conciliation board.

BY THE CHAIRMAN:

Q Will you tell us what "present diesel rule refers to?

A That is Article 11 and the particular section is clause (f). You will find that on page 24 of Exhibit 1. As I say, clause (f) of that article is the clause which is in dispute and subject to renegotiation.

BY MR. SINCLAIR:

Q Is that the so-called "diesel rule"?

A That is correct.

Q When we refer to the diesel rule we refer to clause 11 (f)?

A Yes, sir.

Q In the Western agreement, the Prairie and Pacific agreement, Exhibit 2 and the supplement Exhibit 2-A, there are similar clauses to the ones you referred to in regard to Exhibits 1 and 1-A?

A Yes. The diesel rule in the Prairie and Pacific agreement, Exhibit 2, is contained on page 28 and has the same article number and the clause has the same letter. It is 11 (f) in Exhibit 2 and is on page 29. Article 11 begins on page 28.

Q Does it vary in any particular?

A No, sir. The article is exactly the same in both agreements.

Q I think you stated earlier in respect to this matter and generally Exhibits 3, 3-A, 4 and 4-A, that they are practically similar to the other agreements?

A They can be considered as being governed by Exhibit 1.

Q When did the diesel rule first come into the agreements of the Canadian Pacific?

A The diesel/^{rule}was first negotiated on December 31, 1948 to be effective January 1, 1949.

Q How did it arise?

A It arose from a proposal submitted by the firemen in November of 1947 at which time they asked among other things for the assignment of a fireman on all locomotives. That was the subject of rather prolonged negotiation and was eventually settled in the agreement reached on December 21, 1948.

Q Does that diesel agreement require the assignment of firemen to all locomotives?

A It requires the assignment of firemen to all locomotives as defined in the article. You will note in clause (f), looking at Exhibit 1 on page 24, that the term "locomotive" does not include -- using the words in the clause -- any of the following and then it enumerates the exceptions.

Q What exceptions are particularly of interest to the Commission to which you wish to refer?

A The first exception is -- I shall read it:

Diesel-electric, oil-electric, gas-electric, other internal combustion, steam-electric, or electric, of not more than 90,000 pounds weight on drivers in service performed by yard crews within designated switching limits."

Locomotives of the type specified would not be considered as locomotives for the purpose of the application of clause (f) of this article.

Q During my opening address, Mr. Gossage, I attempted to say what weight on drivers meant. Is there anything you would like to add to that?

A Weight on drivers is really something which reflects the haulage capacity of a locomotive. The haulage capacity of a locomotive is limited by the adhesion between the wheels to which power is applied on the locomotive and the rails. That adhesion is, of course, a factor on weight and therefore the pull which can be transmitted is dependent on the weight which is on the driving axles of the locomotive. Now a steam locomotive may have other than driving axles or it may be all driven. A diesel for the most part has all driven axles, although there are certain classes in which there are axles that are not power driven; but the great majority of diesels on the Canadian Pacific have all

axle-driven and weight on the drivers is equivalent to the total weight of the locomotive.

BY THE CHAIRMAN:

Q On diesels would it include what is called the booster?

A The booster is found only on steam locomotives.

Q When I drove one there was a booster attached to the locomotive.

A I believe it is technically known as the supplementary unit.

MR. SINCLAIR: The technical term I believe is the supplementary unit which is known in parlance as the calf.

THE WITNESS: All axles of the car are equipped with motors and are driven. The main locomotive, the cow, does the generating but the calf is equipped with motive power because the generator is ~~incapable~~ of supplying power at lower speeds to deal with eight motors instead of four.

BY THE CHAIRMAN:

Q I would have thought that the weight on drivers would refer to the diesel unit by itself and the booster by itself because the weight on the booster is not transferred so as to become part of the diesel unit.

A Perhaps I could explain that. A diesel locomotive may be composed of any number of units that can be safely and satisfactorily operated from one control. In mountain

territory frequently four units are operated from the one control. In the case of this particular locomotive of which we are speaking there are two units operated from one control, one of them being equipped with generating facilities and the other without generating facilities. That composes a single locomotive.

Q You take the total weight?

A Yes. If you have a four-unit diesel locomotive the total weight of that is used in arriving at the weight on drivers.

BY MR. SINCLAIR:

Q How did that 90,000 pounds exception get into the agreement?

A That was because of negotiation during the rather prolonged discussion in connection with the matter and the parties were able to agree that below a certain size there was not the necessity of having a fireman assigned to a locomotive unit.

Q That is in yards?

A Yes.

Q Is there any exception? I notice that clause 3 deals with another exception having to do with 90,000 pounds and a further exception on top of that. Will you refer to clause 11 (f) (3) at the bottom of page 24 and the top of page 25 of Exhibit 1. Would you refer to that please?

A Perhaps I should read it. It says:

"Gasoline, diesel-electric, gas-

"electric, oil-electric or other rail motor cars, which are self-propelled units (sometimes handling additional cars) but distinguished from locomotives in having facilities for revenue lading or passengers in the motor car, except that rail motor cars installed subsequent to date of this agreement weighing more than 90,000 pounds on drivers, shall be a subject for negotiation between the company and the Brotherhood of Locomotive Firemen and Enginemen as to whether such units shall be classified as locomotives."

Q Haven't there been any of those negotiations since this came into effect on the Canadian Pacific?

A Yes, subsequent to this on what are known as Budd cars or dayliners which are rail motor cars, self-propelled, which can be operated in multiple; that is to say they can be coupled together and operated from one control. When more than one of those cars is operated in multiple the total weight upon the driving axles is in excess of 90,000 pounds. However, it was agreed that ^{SUCH} ~~because~~ units would be operated without a fireman being assigned --

Q How many of them on the Canadian Pacific are operated in multiple? Up to how many?

A I understand that up to five have been operated

in multiple. I myself have seen three, but I understand that five have on occasion been operated in multiple.

Q Without a fireman?

A Yes

Q Are there regular assignments of these rail diesel cars on the Canadian Pacific in multiple unit operating without firemen?

A Oh yes. A number of them.

BY THE CHAIRMAN:

Q Would they carry passengers and/or freight?

A They carry passengers, sir, and baggage and mail in some cases, but not all cases. It would depend upon the requirements of the service. These are high speed passenger operations generally and they do not handle freight except as it would include baggage and mail normally carried on passenger trains.

BY MR. SINCLAIR:

Q Would they handle express?

A On certain services they do.

BY THE CHAIRMAN:

Q I saw one up near Peterborough. Would that be the type of which you are speaking?

A Yes. There is one operating between Toronto and Peterborough, and there is a line from Toronto to Windsor.

Q Where else?

A They are operating out of Montreal to Mont Laurier and there are two services to Quebec.

They are now in effect on the Quebec Central between Quebec and Sherbrooke and I believe that they are going into effect in the Montreal-Sherbrooke area. They operate also between Toronto and Windsor.

BY MR. SINCLAIR:

Q How many units are operating regularly in that service?

A The last I knew was that there were three units operating Toronto to London and two London to Windsor.

Q Where else?

A In the west, between Calgary-Edmonton, Calgary-Lethbridge, Medicine Hat-Lethbridge. There is a rail diesel operating between Sudbury-Fort William, a two-unit job I think. There is one between Saint John and Edmunston in New Brunswick.

Q How would the exception of over 90,000 pounds get into the agreement?

A That was the subject of very considerable negotiation. In the negotiations leading to the agreement reached in December 1948 the firemen were pressing very strongly that service on units of more ~~than~~ 90,000 pounds should have a fireman. But the company had had a very successful experience with its existing type of gas cars which were not the Budd cars but a previous design of car with a gasoline or a diesel engine the power for which was transferred to the axles through

electricity, or they were gas-electric or diesel-electric.

Q Would they operate in multiple?

A No. As a single unit with trailer cars.

Q How many would be coupled together?

A On occasion two trailers and the unit.

Q A total of three?

A Yes.

BY THE CHAIRMAN:

Q Isn't there any difference between the term diesel and diesel-electric?

A Diesel-electric means that the power is transferred to the axle through electric motors. The diesel drives a generator and the current from the generator drives the motors on the axles. There may be other types of transmission. Hydraulic transmission is being used up to certain horsepower. The Budd cars, for instance, use hydraulic drive and in hydraulic they are diesel but they are not diesel-electric.

Q Diesels are diesel-electric?

A No sir. They are both, you might say, diesel and hydraulic.

BY MR. SINCLAIR:

Q They have a torque converter. They are not a true hydraulic. There are straight diesels with motion on the side rods just like on a steam locomotive. There are various types. This has a straight torque converter on these RDC cars

with transmission of the power to the motor.

BY THE CHAIRMAN:

Q You don t drive them for more than 200 miles
at a time?

MR. SINCLAIR: They are high speed cars.
They travel up to 100 miles an hour.

--- The Commission adjourned at 12.30 p.m.
until 2.00 p.m.

AFTERNOON SESSION

Monday,

March 4, 1957.

--- The Commission resumed at 2.00 p.m.

STEPHEN M. GOSSAGE, recalled,

EXAMINED BY MR. SINCLAIR:

Q. Mr. Gossage, before the adjournment you were dealing with diesel rules in the agreement Exhibit 1-A, at page 24.

A. I think it was Exhibit 1.

Q. Yes. You were explaining how the agreement came into effect with respect to the figures 90,000 pounds on drivers with respect to self-propelled equipment. That was in clause 11 (f)(iii). As I recollect your evidence, you said that the company had been operating electric cars with trailers, and since this agreement they have operated self-propelled diesel electrics in multiple and single units.

A. Self-propelled diesel rail cars in multiple and single units.

MR. LEWIS: I take it they were not electrics?

THE WITNESS: No, diesel rail cars.

BY MR. SINCLAIR:

Q. What about the other exception that you mentioned, clause 11(f)(i), as to 90,000 pounds in yards?

- 74 -

A. The company, at the time this agreement was made, did not have any experience with that type of equipment, but it has very recently received delivery of two units which come within that classification. They are at present entering test service for, you might say, shake-down purposes; I think they actually start work today.

Q. And is there a fireman assigned to the cars?

A. No, they are operated under this rule as not requiring the assignment of a fireman; they are being operated in general yard service.

Q. What about the situation generally at the time this agreement was negotiated - that was back in the latter part of 1948?

What about the general experience of the Canadian Pacific with diesel power?

A. At that time our only experience with diesel power, apart from one diesel engine we had in one of the rail cars which had operated for some years, but had given a great deal of trouble, our experience was only in yards. We had operated a limited number of diesel yard engines in various types of yard service.

Q. With firemen or without firemen?

A. A few had been operated without firemen. It depended upon the work at that time; they were assigned to different types of work in different yards, and in some cases they were operated without firemen and in some cases

The first of these is the fact that the
 world is not a uniform whole, but a
 collection of many different parts, each
 with its own characteristics and laws.
 This is the principle of diversity, and it
 is the basis of all knowledge and science.
 The second is the fact that the world is
 not a static whole, but a dynamic whole,
 constantly changing and evolving. This is
 the principle of change, and it is the basis
 of all history and progress.
 The third is the fact that the world is
 not a chaotic whole, but a whole with
 order and harmony. This is the principle
 of order, and it is the basis of all
 law and justice.
 The fourth is the fact that the world is
 not a whole without purpose, but a whole
 with a purpose and a goal. This is the
 principle of purpose, and it is the basis
 of all religion and philosophy.
 The fifth is the fact that the world is
 not a whole without unity, but a whole
 with a unity and a common bond. This is
 the principle of unity, and it is the basis
 of all love and friendship.
 These five principles are the foundation
 of all knowledge and science, and they are
 the basis of all human progress and
 civilization.

with firemen.

Q. What about road service?

A. We had at that time no experience in road service.

Q. With diesel power?

A. With diesel power.

Q. When was diesel power first applied in road service on the Canadian Pacific?

A. The first delivery of diesel power for road service was February, 1949; that is, the first put into service was in February, 1949, on Vancouver Island. Those were generally of a switcher type. They were a road switcher, but closely akin to a yard engine, and the service in which they were used was a sort of extended switching service. It was not typical through freight service.

Q. When did you on the Canadian Pacific have the first application of diesel power to what might be called first main road service?

A. In October, 1949 we started to get delivery of road units for use between Montreal and Wells River, where they were used in through freight service and also in passenger service.

MR. LEWIS: What is the name of the place?

THE WITNESS: Wells River - that is on the way where we join Boston and Maine; it is on the road between Montreal and Boston and New England points.

BY MR. SINCLAIR:

- Q. Do you know what the feeling of the company was as to the application of diesel power generally at that time?
- A. Well, at that time the company had not got the experience that would enable it to arrive at any conclusion as to how far the use of diesel power on the Canadian Pacific would be justified, and how far the application of diesels could successfully be made in the conditions under which a railway operation is conducted in Canada.
- Q. Were there any difficulties? You said they did not know how far it would be justified. What did they have in mind, do you know?
- A. There were many problems that had to be faced, the answers to which were not known at that time. One problem was, would flying snow in the heavy snow territory through which we operate have any adverse effect on the traction motors. They are mounted on axles, and excessive snow in the traction motors might effect the insulation on the windings.

We did not know whether extremely low temperatures might produce rail conditions that would effect the operation of diesels, the adhesion of the relatively small wheel. And also, there were problems in connection with fuel supply at that time. The Leduc



had only come in a little while before that, and it was not known to what extent permanent sources of supply had been found, and how bountiful the supply of oil would be. We had no assurance that a massive change to oil supply in any form could be supported without having to depend on United States supplies, and be subject to price fluctuations that might arise there, or balance of payments difficulties.

Also, there was this question of storage of diesels under extreme temperature conditions, as to whether that would raise problems with respect to fuel. I think diesel fuel tends to wax at low temperatures, unless you have the right mixture of fuel. Very little was known by the company at that time as to what problem they might face.

Q. Did any question arise, or do you know, as to storage of diesels outside?

A. That again is a problem. A number of units would have to stand out in extreme weather conditions, and questions as to whether that would have any adverse effect on their performance could only be solved by trial and error under conditions which we have to face.

Q. Was there any particular problem with regard to complete dieselization of both passenger and freight?

A. The one problem there of course was that of heating passenger trains which, because

the diesel is not propelled by steam, requires an auxiliary source for the supply of heat for heating passenger trains. Under Canadian weather conditions it is most important that that supply of steam be both plentiful and reliable. At that time we knew that in the United States experience with steam heating of passenger trains with diesel locomotives had not been entirely satisfactory. It was quite a time after the negotiation of this diesel agreement that the equipment was developed which held out reasonable hope of solving this problem of providing steam heat.

Q. What was the last steam locomotive of the Canadian Pacific, when was it purchased and what class was it?

A. In February, 1949 we took delivery of five locomotives of what is known as the T-1 class, which is a very heavy and powerful locomotive designed for service in mountains on freight and passenger trains. They were, and I think they still are, the most powerful locomotive in the British Commonwealth.

Q. They were steam locomotives?

A. Steam locomotives.

Q. Can you recall off hand in 1949 what those engines cost you -- that is in 1949 dollars?

A. I think they were delivered at a price somewhere between \$300,000 and \$350,000 each.

Q. And the last order you say was for five?

A. Five yes.

Q. What happened after that? You have explained to the Commission that the company got experience. Were they able to solve their problems, and what happened to the diesels?

A. The company moved with care and careful study in dieselizing different territories that seemed to offer particular advantages; and in the process it acquired a great deal of experience as to the capability of diesels. At the same time there were considerable technological advances in the diesel locomotive itself, which helped to solve some of the problems, particularly the problem of the steam generator for heating passenger trains. And generally over the course of a few years it became established that the diesel was a suitable source of motive power for all operations of the company, and that considerable advantage was to be derived from its introduction in all territories.

Q. And what happened in regard to the labour agreement aspect of dieselization?

A. As the officers of the Canadian Pacific all over the system gained experience with the diesel in road and in yard service, it became apparent to them all over the system that the rule, as now included in the agreement, covering the manning of diesel

locomotives was not a necessary or suitable rule; that the diesel locomotive could be operated with perfect success without the service of a fireman.

Q. What did the company do about it?

A. In February, 1956 the agreements became open for notice, and at that time the company advised the Brotherhood that it was its intention to seek a change in the diesel rule that would provide that diesels could be operated without firemen in freight and yard service.

Q. What happened then?

A. That was a subject of discussion. In our discussion it became apparent that the Brotherhood would not negotiate while the company maintained its proposal to press for the removal of firemen from diesels.

Q. Then what took place?

A. The company, in order to progress this phase of its negotiations, applied for a conciliation board. That board was established, and eventually after long hearings, it reported. The company accepted the report, the firemen rejected the report, and the parties standing firm on their positions, a strike took place on January 2, which was finally settled and services resumed on the basis of the memorandum of agreement which is attached to Exhibit 1-A.

Q. To which you referred earlier?

A. Yes.

MR. SINCLAIR: Mr. Chairman, and members of the Commission, one of the most complicated aspects of this is arbitraries. They are quite complex and hard to understand. I am going to now spend a bit of time with Mr. Gossage on them so that we can keep the subject together, and then as to the practical application of them I will turn to other witnesses.

The arbitraries, that is the preparatory and final inspection arbitraries under these agreements, are more than a little hard to follow. They jump around in the agreements, and there is a difference between east and west, and also differences at places where both steam and diesel power is involved; also there are differences in arbitraries with respect to passenger service, freight service and yard service. There are complications and differences with respect to run through engines, and shop track engines.

With your permission, perhaps I might take Mr. Gossage through this part of it, and we would deal with other evidence as to the practical application, on what the men actually do.

THE CHAIRMAN: Take your own course.

BY MR. SINCLAIR:

Q. Mr. Gossage, under the labour agreement what is an arbitrary, or what are arbitraries, which which we are dealing with in these proceedings?

A. Before I describe them, I have prepared a statement which gives the particulars of the arbitrary payments, and it might be useful if that were given to the Commission as a basis.

MR. SINCLAIR: Mr. Chairman, I would file as an exhibit a statement headed "Arbitrary Allowances for Firemen. Preparatory and final inspection arbitraries, steam and diesel Eastern and Prairie and Pacific regions."

EXHIBIT NO. 5: Arbitrary Allowances
for Firemen.

BY MR. SINCLAIR:

Q. Is this a summary sheet, Mr. Gossage?

A. Yes, this summarizes from the different agreements the different clauses of the agreements, the payments that are made for preparatory and final inspection arbitraries.

Q. Why are they designated as an arbitrary?
What does that mean?

A. There are two aspects to that word. The first is that they are paid apart from the pay specified for a day's service. The agreement specifies pay for a basic day, and these payments are made separate and apart from that in general; they are in addition to the day's pay for the movement over the road or for service in the yard.

Q. You said that was one aspect. What is the other?

A. The other aspect is that the payments are a specified time, and that time is paid even though the service required should occupy much less, or practically no time at all, the allowance still has to be paid. It is not an allowance directly related to the service performed.

Q. Is it both a maximum or minimum, or is it just a minimum?

A. It is the minimum. If employees are required to be on duty for a longer time, then they would be entitled to additional pay.

Q. This is a minimum arbitrary?

A. That is right.

Q. Take steam, for instance, are they the same in eastern Canada and western Canada, or are they not?

A. No, steam allowances differ quite considerably as between eastern and western Canada.

Q. Can you see that from Exhibit 5?

A. Yes. If you look at Exhibit 5, the first line of figures gives under passenger service a specified shop preparatory; you will see the eastern region shows steam and diesel, and the prairie and Pacific regions shows steam and diesel. For steam it is the same in east and west, but if you drop down two lines to the shop final inspection you will see that in the east 20 minutes is paid and in the west 30 minutes is paid.

Q. And run through is 15, 15 and 45?

A. Yes. I was going to comment on that. The preparatory time on a run through steam engine in the east is 15 minutes, on the Prairie and Pacific regions it is 45 minutes. The final inspection in the east is 15 minutes, and on the Prairie and Pacific region it is 30 minutes. Similar differences exist in freight on steam power, where shop final inspection again is 20 minutes in the east and 30 minutes in the west. Here run through allowances differ in the same way that they do in passenger service. There is a difference in yard steam as well, where preparatory time in the east is 15 minutes, which is the same as final inspection, whereas in the west the preparatory time is 30 minutes, although the final inspection there is the same, 15 minutes.

Q. Are there differences in the requirements of the services as between east and west?

A. No, the service required is exactly the same in all territories.

Q. Now, how do these come into the agreements? Take an arbitrary inspection first: what is the historic development of this arbitrary for preparatory inspection?

A. Well, it started originally around about the turn of the century, by a time being specified at which employees were to report for duty prior to the time that the train was ordered to leave. That time was specified as 45



minutes, and I think that first appears in the agreement of 1897. Shortly after that, just after 1900, it was broken down to specify that the 30 minutes was to prepare the engine and 15 minutes was to get it on the train and get the train ready.

Q. Is the 15 minutes for getting the engine on the train and ready to pull out still in the agreement?

A. That forms part now of what is known as the initial terminal delay.

MR. SINCLAIR: Mr. Chairman and members of the Commission, initial terminal delay is not open in these proceedings.

THE CHAIRMAN: It is not shown on Exhibit 5?

THE WITNESS: No.

BY MR. SINCLAIR:

Q. What is the initial terminal delay of 15 minutes?

A. It is on a minute basis for the time actually required, but normally 15 minutes is allowed from the shop track to get ready, and if the train is delayed and does not leave at the time ordered, that is paid additionally.

Q. You say that is a minute basis?

A. Yes.

Q. What was the purpose of putting a specified time in the agreements, historically?

A. I think the original purpose was first so

that the company could be assured that the men would be there to do the work that was needed to be done, and that the men would be assured that they would not be required to be there longer and to have to perform more duties than were agreed upon; this time originally did not form part of pay. Pay was allowed for the movement over the road, and this was time that was not included in any pay computation.

THE CHAIRMAN: You mean the items on Exhibit 5?

THE WITNESS: Yes sir, as they existed at that time.

BY MR. SINCLAIR:

Q. This is the historical development?

A. We are back now in the early 1900's.

Q. Coming along a little, what happened? You say they were put into the agreement to specify what the company could require the men to do, and it limited what the company could require the firemen to do, is that right?

A. Yes.

Q. What happened after that?

A. There were two developments: one was there was a tendency to limit the amount of work that was to be required, that is preparatory work or final work; the other was, first, a portion of this time was included in the road time on which overtime would be based. That is, if the train took more than a

certain time to go from one terminal to another, overtime would be allowed, and this time was included first partially and then wholly in compensation for overtime.

The next step was in 1912 on the western lines, by way of arbitraries, and since that it is paid apart from the road time; the 30 minutes became a payment made separately from the road work.

Q. When did that apply in the east?

A. That applied in the east in the firemen's agreement in 1920.

Q. What was the next step after that?

A. Perhaps I should mention now that the final was not specified at the same time as the preparatory. The final inspection was first specified in 1918 in the west and in 1920 in the east.

Q. Is it paid as an arbitrary?

A. That is paid as an arbitrary, with the one exception being included in a minimum day, but that is not a problem here.

Q. You said these arbitraries were tied in as an allowance, and that they were tied in in relation to the work. Have you a document that supports that?

A. Yes, I have here a document that might be filed.

THE CHAIRMAN: Before we come to that, is it important that we should know anything

more, for instance, as to what is involved in shop preparatory inspection?

MR. SINCLAIR: We will do that, Mr. Chairman, when we deal with the practical application of it; that will be brought out from other witnesses who are perhaps a little closer to the cinders than Mr. Gossage.

THE CHAIRMAN: These items on Exhibit 5 all relate to a period prior to the time the engine starts to move?

MR. SINCLAIR: These are payments that are made in addition to the compensation for taking an engine and putting it on the train and running across the road. They are payments, as Mr. Gossage has said, for work that is done -- that is how they started -- for work done preparing the engine before it was taken out and put on the train. They are the preparatory arbitraries. And the final arbitraries had to do with work required after the engine was taken off the train, work that was done in securing a locomotive and making it safe to leave where it was; putting it in a situation where the man could leave it. That is the so-called final inspection, these items in Exhibit 5, are the present amounts allowed under existing agreements.

BY MR. SINCLAIR:

Q. Mr. Gossage, let us take a freight train, and go through the operations step by step. Take a freight train starting out from some

particular place, under the agreement, what would the firemen get?

A. Take a freight train operating from Montreal to Quebec: it starts out at the St. Luc yard in Montreal. The locomotive is turned out by the shop force on a shop track -- that is the track outside the shop at which the engine crew will take it.

Q. Let us say this is a steam train?

A. Yes.

Q. What would he get?

A. This is a steam engine, taken from the shop track. He gets the item shown under freight service, the first item, shop preparatory, which in the eastern region is 30 minutes. Once that 30 minutes is up and it is time the engine is supposed to leave the shop track, the engine is then on initial terminal delay, and the crew is paid on a minute basis for that until the train clears the outer main track switch or terminal.

Q. First of all he earns an arbitrary of 30 minutes for preparatory service?

A. Yes.

Q. And something on a minute basis from the shop track until the train clears the main track switch?

A. Either the main track switch or the terminal.

Q. He is then on a road basis?

A. He is then on road time and road mile.



BY THE CHAIRMAN:

Q. Will you define your terms? What is the difference between "terminal" and "yard"?

A. I happen to have chosen Montreal, which is a terminal in which there are a number of yards, and by agreement the road miles and road time apply from specified points in the boundaries of the terminal; at smaller places such as Trenton, the road time would start at the outer main track switch of the yard, because the yard and terminal are the same thing. Perhaps I was unfortunate in choosing Montreal as an example; it is a little more complicated.

BY MR. SINCLAIR:

Q. Is this correct: a man comes on duty, he earns a preparatory arbitrary, then on a minute basis he earns initial terminal time?

A. That is right.

Q. Then he earns road time?

A. Miles or time, whichever is the greater.

Q. Then we are going to get him to his objective terminal. What happens then?

A. When he arrives at the outer main track stop his road miles or time end, and he is on final terminal delay. That, again as initial terminal delay, is paid on a minute basis, and until the engine is delivered to the shop track, then he has the final inspection time of 20minutes which is allowed for services which may have to be on the

shop track.

Q. Is that arbitrary on a minute basis?

A. That arbitrary, the final inspection time of 20 minutes is an arbitrary.

Q. That would be from Quebec. To summarize it, we have first preparatory time, initial terminal time, road time or miles, final terminal delay, and final inspection arbitraries.

A. It might assist the Board to define the terminal run through.

Q. We will come to that; the example you gave did not have a run through anywhere between Montreal and Quebec. Let us go the other way from Montreal, that is from Montreal east, and see what happens then?

A. I think we should go west; it might be easier. The freight between Montreal and Toronto will run through Smiths Falls.

Q. What does that mean?

A. That means the locomotive that brings the train in from the east will after servicing by the shop staff take the train out to the west; a new crew will take the locomotive, but the same locomotive will go through. In that case it is known as a run through locomotive.

Q. Let us take an easier one; for instance, the trip run by the Canadian. It gets to Smiths Falls?

A. The Canadian does not get to Smiths Falls.

Q. Let us say it gets to Ottawa?

A. Yes.



Q. What happens then?

A. At Ottawa the incoming crew gets off the engine, and the outgoing crew gets on it. This is during the 10 minutes that the Canadian is at Ottawa. The incoming crew is allowed 15 minutes for that.

Q. We are talking about a diesel now.

A. Yes, which is shown under passenger service, the fourth line, run through final inspection; the diesel is 15 minutes.

Q. And the train is here only how long?

A. Ten minutes.

Q. But the man is paid 15 minutes?

A. Yes. The outgoing crew also get their run through arbitrary, which is also 15 minutes; that is the second line, under passenger service.

Q. So he is on pay before the train gets here?

A. Yes, that is correct.

Q. Let us take a steam engine in the western region -- say a steam engine running through Broadview?

THE CHAIRMAN: I think if you switch from one illustration to another it will be confusing. You are now on freight between Montreal and Quebec.

THE WITNESS: We are on passenger.

THE CHAIRMAN: What I have in mind is where would the outgoing crew on such a train, assuming it was freight, get the final inspection? There would not be any such?

MR. SINCLAIR: Yes, they would be paid for it.

THE CHAIRMAN: They would be paid for run through; they get off and leave it at the station. But they would still be paid for final inspection, although they are not engaged in any final inspection?

MR. SINCLAIR: That is right sir.

THE WITNESS: I think there is a little confusion here. The run through engine crew is paid run through final inspection, but are not paid shop track final inspection. The two are alternatives but cannot be combined.

THE CHAIRMAN: I follow that.

THE WITNESS: Every engine is either a run through engine or a shop track engine. On a run through engine, preparatory, he may finish up at a shop track.

MR. SINCLAIR: The reason I moved the witness away from the example of Montreal-Quebec was because there was not any run through.

THE CHAIRMAN: I just thought I would try to clear it up. Thank you.

BY MR. SINCLAIR:

Q. Is there anything you would like to add, Mr. Gossage as to your explanation on the illustration of the run through, or terminal, or any of these other examples?

A. No. I think the run through in passenger service is very common on all long distance trains,

both steam and diesel. In freight service it is very common in diesel, and is in effect in steam, but much less so. Steam engines more frequently operate over one subdivision, although in some places such as Montreal-Toronto pool they regularly run through.

BY THE CHAIRMAN:

Q. May I ask a question? Under freight service as well as passenger service, why do you have a run through twice? In the illustration you gave one crew earns one run through and the crew waiting to get on earns a run through. Why is it in there twice?

A. One is a preparatory and one is final.

Q. It is paid to different crews?

A. Yes. Every crew will earn preparatory at one terminal and final at their objective terminal.

Q. That makes it definite in my mind. The crew that comes in from Montreal on the Canadian and gets off at Ottawa gets paid a run through final?

A. Yes.

Q. And the crew that gets on gets paid a run through preparatory?

A. That is right sir.

BY MR. SINCLAIR:

Q. You had said, Mr. Gossage, that the work that the arbitraries were historically related to was work required to be done. I asked you

1. 1. 1.

2. 2. 2.

3. 3. 3.

4. 4. 4.

5. 5. 5.

6. 6. 6.

7. 7. 7.

8. 8. 8.

9.

10. 10. 10.

11. 11. 11.

12. 12. 12.

13. 13. 13.

14. 14. 14.

15. 15. 15.

16. 16. 16.

17. 17. 17.

18.

19. 19. 19.

20. 20. 20.

21. 21. 21.

22.

23. 23. 23.

if you had a document to support that, and you said you had. I have here a Decision of the Railway Board of Adjustment No. 1, dated September 22, 1920, Washington, D.C., and which I would ask to have marked as an exhibit.

THE CHAIRMAN: What is that document again?

MR. SINCLAIR: It is a Decision of the Railway Board of Adjustment No. 1; it is a telegram to the Vice President of the Canadian Pacific, from the Chairman of the Railway Board of Adjustment No. 1, and is dated Washington, D.C., September 22nd, 1920.

EXHIBIT NO. 6: Decision of
Railway Board
of Adjustment
No. 1.

BY MR. SINCLAIR:

Q. Is there any part of that document to which you wish to direct attention?

A. I should explain the origin of this document. At this time agreements were in the process of rather radical change, and by agreement the Canadian employees were following the same pattern of change as was being established south of the border. A question then arose as to whether this arbitrary agreement for preparatory time was properly to be maintained in the agreement, or whether it was to be eliminated from the agreement as part of the

•

2

10

•

•

2

bargain made to pay penalty overtime in road service. By agreement with the Canadian Railway Board of Adjustment No. 1, which would normally have jurisdiction over that dispute, this was referred to the United States Board at Washington, which was making the preliminary rulings on such matters. This is a decision of the Board in answer to the question as to whether the preparatory time of 30 minutes allowed on such track should be maintained under the arrangement involving the introduction of penalty overtime. I think I should read this in part:

"In view of the fact this was an arbitrary allowance for independent service in addition to fifteen minutes preparatory time and by an analysis of the work performed it is clearly established that the thirty minutes in question cannot be considered as preparatory work for the trip as defined in question No. 14."

I think that is the important part.

Q. "Preparatory work for the trip", is that what is covered by initial terminal time?

A. That is right. It points out the emphasis was that the Board found this was payment for work performed, and made an analysis of the

work performed to establish that that was other than the particular type of work that was to be absorbed in payment for the trip as a whole.

THE CHAIRMAN: You did not finish reading the document.

THE WITNESS: Do you wish me to read it, Mr. Chairman?

THE CHAIRMAN: Yes.

THE WITNESS:

"And answer thereto of the memoranda dated at Washington, D.C., December 17, 1919. The Board therefore decides that the 30 minutes allowance may be retained as an arbitrary payment but at straight rates not three sixteenths of the daily rate. Confirmation by mail.

F. A. Burgess

Chairman,

Railway Board of Adjustment No.1."

MR. LEWIS: Excuse me, but I got a little confused following my friend's interruption. Did the witness say that the preparatory work that is mentioned here was not what we have called preparatory arbitrary, but is initial terminal delay?

THE WITNESS: No; apparently I did not make myself quite clear. The preparatory work mentioned in line five of the exhibit is work that would be included now in initial terminal

delay, and was then in the trip as a whole.

MR. SINCLAIR: That is what the witness said.

MR. LEWIS: That is what I thought.

THE WITNESS: I am sorry, I misunderstood you. The arbitrary is for preparatory service as defined in our agreement, and is apart from that work according to the decision of the Board.

BY THE CHAIRMAN:

Q. With respect to the document Exhibit 6, did you say this was an arbitrary? Did you say what it was?

A. The 30 minutes payment referred to in the last sentence is a 30 minutes allowance.

Q. Again, that is not something that Exhibit 5 deals with?

MR. SINCLAIR: Yes, it does, Mr. Chairman.

THE WITNESS: It is the same 30 minutes that appears as a shop preparatory under both passenger and freight service.

BY THE CHAIRMAN:

Q. Just a minute. Was the arbitrary allowance for independent service in addition to the 15 minutes preparatory time?

A. That is 15 minutes after leaving the shop track and getting on the train and getting the train ready, which at that time was part of the road time and is now paid as initial terminal delay.

BY MR. SINCLAIR:

- Q. What changes if any have there been in the preparatory and final arbitraries since 1920? Has there been any change in the time or the amount of these arbitraries?
- A. Yes, there have been. In 1920 the arbitraries were simply the 30 minutes preparatory and the 30 minutes final. They were all applied to the shop track. Then the practice developed to run passenger locomotives through terminals; that developed very considerably between 1920 and 1930. In the eastern regional agreement in 1931, by agreement, the arbitraries allowed on run through were reduced from 30 minutes to 20 minutes for both preparatory and final, for passenger service only. There was no change after that until 1949. In 1949 separate arbitraries were set up for diesels which were just being introduced.
- Q. You said in the east; what happened in the west?
- A. There was no change made in the western agreement.
- Q. Even on passenger?
- A. Even on passenger.
- Q. You were saying in 1949 --
- A. In 1949 separate arbitraries were established for the diesel locomotive, and the arbitraries for steam in the east were changed considerably. At that time the 15-minute run through on

diesels was established to both preparatory and final, and the 15 minutes on yard engines and diesels was established. The steam run through was applied to freight as well as passenger, and was reduced to 15 minutes in the east. In the west there was no change in the steam arbitraries, but in the east steam final inspection on shop track was reduced from 30 to 20 minutes.

Q. What was the next step in the adjustment?

A. There was another small adjustment in 1954 which changed the steam yard allowances in the east and the diesel final inspection in the yard in the west. They were relatively small changes and resulted in the figures as now appear on the exhibit.

Q. When did the arbitraries first come into yard service?

A. They appeared in yard service I think in 1917. That was when they first appeared; they appeared in the west and were the same as arbitraries allowed in road service.

Q. That is 30 minutes?

A. Yes.

Q. Both preparatory and final?

A. Yes. In the east the arbitrary of 20 minutes preparatory and 20 minutes final appeared in 1928.

Q. Was it adjusted after that at any time?

A. Yes. As I have said, that was adjusted in

in 1949, in the east and in the west, and in 1954 there was a further change.

Q. Now Mr. Gossage, aside from this explanation of these arbitrary times, did the agreements specify the work, and have the agreements been changed in regard to specified work?

A. I have prepared a statement here which might be of assistance.

Q. This is a statement headed "Duties of Firemen - Eastern Region". It is a group of statements consisting of ten sheets which show for various periods down to the present time the duties of a fireman for preparatory and final work?

A. These are the duties of a fireman specified in the agreement. As you will remember, the fireman's responsibility was not specified until 1918.

HON. MR. McLAURIN: That is in the eastern region?

THE WITNESS: Yes sir; and also Prairie and Pacific regions, page 6.

MR. SINCLAIR: The eastern region is pages 1 to 6, and the Prairie and the Pacific, pages 7 to 10.

BY THE CHAIRMAN:

Q. Does this exhibit cover all the duties of firemen, or just those in relation to the arbitraries?

A. This covers all duties as specified in the agreement. These specifications are not

all-inclusive, in that they did not include the duty such as observing all operating rules, which is the duty of all employees, but they were the special duties of a fireman.

MR. SINCLAIR: It is actually the duties of a fireman, as specified by agreements or by bulletin.

MR. LEWIS: Which is it?

THE CHAIRMAN: By both, I presume.

THE WITNESS: Yes. The exhibit itself includes the duties established by bulletin in 1956, but in comparison with those established in the agreement of prior dates, the agreement does not now specify duties.

MR. SINCLAIR: We will explain how it started, and how it came out of the agreement.

EXHIBIT NO. 7: Duties of firemen -
Eastern region -
Prairie and Pacific
regions.

BY MR. SINCLAIR:

Q. Mr. Gossage, looking at this Exhibit 7, I see that its first sheet is June 1, 1904 - Atlantic division, New Brunswick sections.

BY THE CHAIRMAN:

Q. Does the Atlantic division cover a geographic area?

A. In 1904 there were separate memoranda of agreement covering what we would now call districts. Actually, the Atlantic division

was equivalent to what is now called the New Brunswick district, and covers lines in New Brunswick district and Maine.

BY MR. SINCLAIR:

Q. And why have you picked that to start with?

A. That happens to be the first of the agreements specifying duties of firemen. Duties were specified for other districts of the eastern region.

Q. But it first came in New Brunswick, and later came in the other district agreements?

A. They were negotiated about the same time, but this happened to be the first.

Q. What comment do you wish to make on this Exhibit 7, starting with the eastern region a group of six statements?

A. You will notice there are 12 duties as specified in 1904, and the first eight of those duties all relate to the preparatory duties at the terminal, or in some cases they might be performed at the end of the run. They all relate to duties either before or after the run, as does No. 12; only Nos. 9 and 10 are duties ^{en} ~~and~~ route, and No. 11 is an over-riding provision that the fireman is to be subordinate to the engineer.

Q. I note that No. 5 requires the fireman, "To paint front end and stacks and clean above running board of yard and assisting engines". Did he actually paint the front end?

A. He painted the front end and stacks, as it says; that was part of his duties at that time.

Q. What is the next one, sheet No. 2?

A. In 1907, sheet No. 2 covers the whole of the eastern region; the duties are practically the same, except there is ^{SOME} ~~less~~ restriction because in sheet No. 2 the fireman is on unassigned engines. At that time engines were frequently assigned to a crew. On the unassigned engines his work is restricted to filling oil feeders, although he still retained his full duty on assigned engines; otherwise his duties are similar to the 1904 agreement.

BY THE CHAIRMAN:

Q. Does assigned engine mean that the same crew were on the engine all the time?

A. Yes, the engine in a sense belonged to the crew.

In 1913 there was a considerable reduction in the duties that were specified. You will notice it has gone from 12 items down to 8 items. One of those items, No. 8 was a new item to be specified, although it is a duty that presumably had been performed and was called to the attention of the negotiators at that time. The duties in regard to painting and wiping were withdrawn from the firemen and were assigned to the shop staff, which was a major change in the work which was expected

from the firemen.

BY MR. SINCLAIR:

Q. The next one is 1917?

A. Yes. The duty of keeping the tool box and equipment clean and orderly was withdrawn from the firemen. Again, that duty was performed by the shop forces, as will be seen on sheet 5 covering the duties specified in the agreement of 1953 when Item 8 was added; it specified that type of work was to be performed by the engine house staff.

Q. On the bottom of sheet No. 5 of Exhibit 7, there is in parenthesis "Duties not specified in agreement of February 16, 1954". What does that mean?

THE CHAIRMAN: You are going a little fast. You were speaking about a particular item on sheet No. 5.

THE WITNESS: No. 8, which reads:

"Flag equipment, tools (other than individual tool boxes), filling, cleaning and trimming of lubricators, dash pots and rod cups to be attended to by engine house staff."

--

--

--

BY THE CHAIRMAN:

Q. Who are the engine house staff?

A. They are the men at the terminal who maintain the locomotive.

Q. Are they firemen?

A. No, they are craftsmen, machinists helpers, or engine house labour of various classifications.

Q. This sheet, like the others, is headed "Duties of Firemen"?

A. Yes. There is an inconsistency you might say in the agreement except that the exhibit includes and specifies this would be done for the firemen.

BY MR. SINCLAIR:

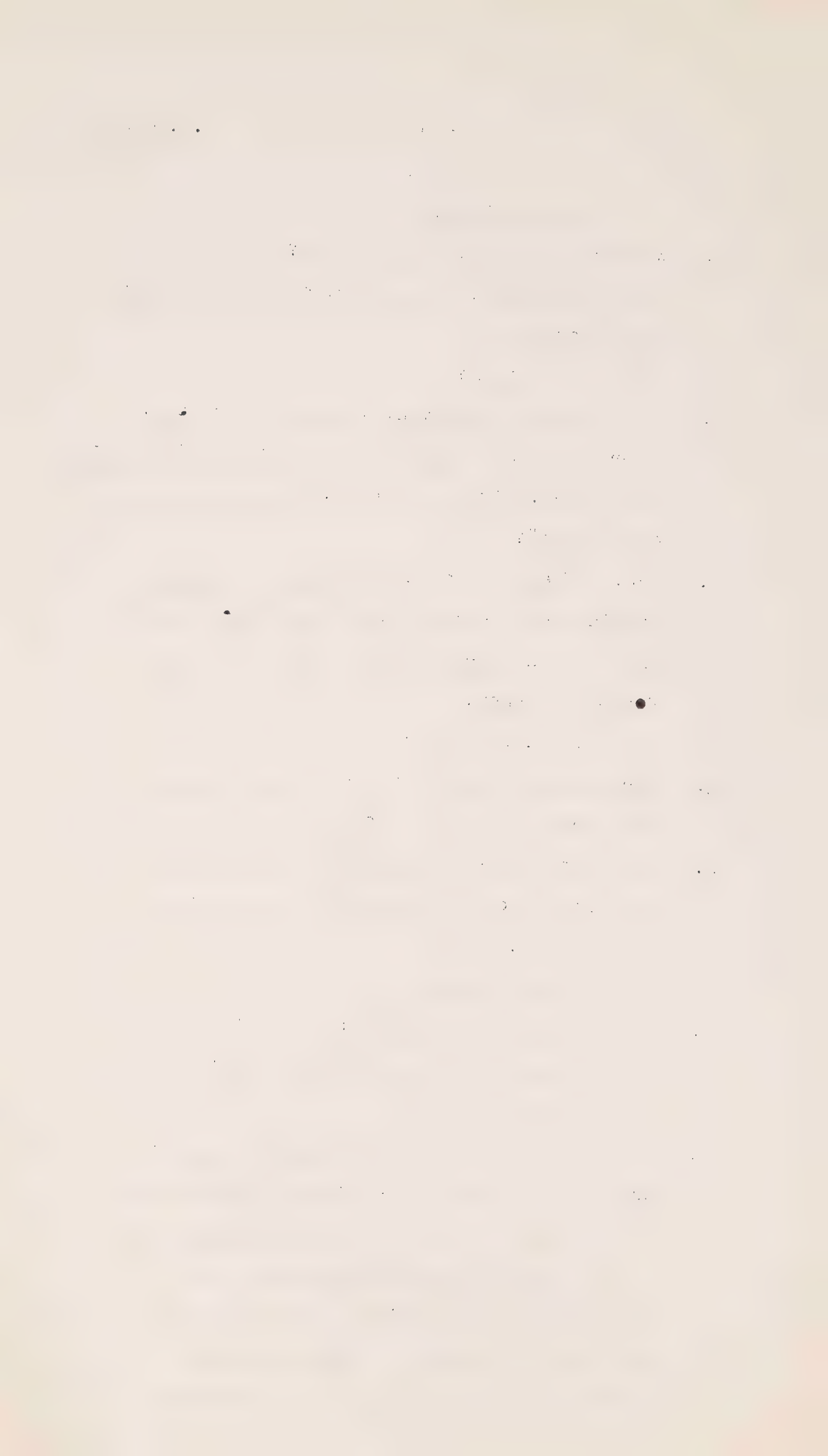
Q. There was a transfer of duties the fireman had previously done to other railway employees?

A. Over the course of years that is what has happened; those duties were transferred to shop staffs.

BY THE CHAIRMAN:

Q. For instance, I do not find any such item on page four. Is there any such item on page four?

A. No sir. That was included in this list. Apparently it was found necessary or desirable at that time to specify; some situation arose in the course of the negotiations or was brought to their attention, which made it desirable to specify. These changes are sometimes things that have occurred by



bulletin or instructions in the interim between negotiations. You see, there was no revision of the terms of the agreement, apart from the rate of pay between 1920 and 1953, and a great deal had happened in that period, a great many changes, which were gradually brought into the revision of the agreement.

(Page 105 follows)

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

1

4

1

•

1

$f = 0$ (1) \rightarrow 0

Q Your purpose in referring to No. 8 on page 5, that was a specific term of this agreement; do each of those pages represent an agreement? I suppose they do.

A Each of these pages are taken from the agreement of that period.

Q No. 8 on page 5 simply means that that is what a fireman should not have to do?

A That work would be performed for him by other people. The company undertook to have it performed.

Q I suppose that was stipulated?

A Yes.

Q I just wanted to have that clear.

BY MR. SINCLAIR:

Q At the bottom of page 15 of Exhibit No. 7, I draw your attention, Mr. Gossage, to the words "duties not specified in agreement of February 16, 1954"?

A Yes.

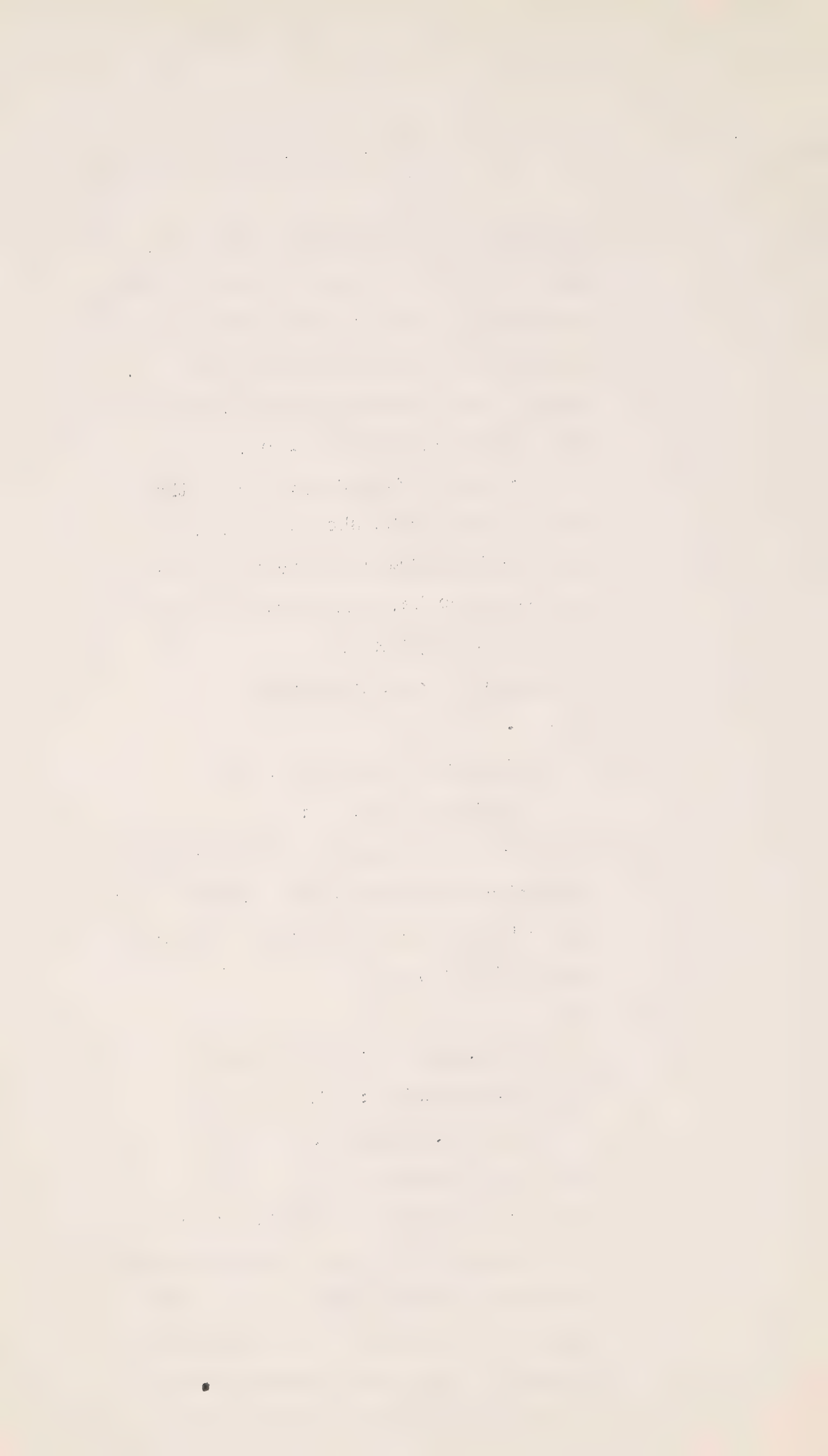
MR. MUNDELL: That is Exhibit No. 1?

THE WITNESS: That is right.

BY MR. SINCLAIR:

Q What does that mean?

A In the negotiation of that agreement it was realized that these duties specified had become unrelated to what was the actual work required of a fireman in a period of rapid technological changes, particularly with the introduction of



diesels, and that the specification of duties which were not exactly those that were actually being required was an undesirable thing. The problem was solved by leaving them out of the agreement entirely.

However, subsequently it became apparent that there was a necessity to clarify what was required of a fireman on diesel locomotives, that is a new class of power, and I have therefore included in this exhibit a sheet No. 6 which is the bulletin that was issued on all divisions in October, 1956, and which specified what the duties are of a helper on a diesel unit. This bulletin of course does not govern firemen on steam locomotives, just on diesel units.

BY HON. MR. MARTINEAU:

Q Engineman means engineer and helper means fireman?

A That is correct.

BY MR. SINCLAIR:

Q Are the existing duties of a fireman on diesel power set out?

A That sets out what the company now requires a fireman on diesels to do in way of duties.

Q I think you might read that.

A The duties specified are as follows, and I am reading from page 6 of Exhibit No. 7:

"1. To assist the engineman."

Q Perhaps you had better read the whole document?

A (Reads):

" Instructions to all Enginemen and Helpers operating on diesel units.

There appears to be some understanding in the minds of Enginemen and Helpers as to the duties and responsibilities of Helpers on diesel units. In order that there will be no cause for such misunderstanding, the duties of Helpers on diesel units are as follows:

1. To assist the engineman.
2. To comply with the provisions of the uniform code of operating rules and instructions relating thereto.
3. To operate the steam generator and its appurtenances, and take water from facilities where no maintenance or shop staff is employed. The advice or assistance of the Engineman may be called upon, if required.

It must be clearly understood that the Engineman, not the Helper, is responsible for the diesel unit or units in his care. A Helper is not required to patrol diesel units, except as directed by the Engineman or as may be required for the operation of steam generators. In the same

"way, when a unit has been checked by shop staffs, the Helper is not required to perform mechanical checks, or to see that the unit is properly equipped and supplied with fuel, lubricating oil, water or sand."

HON. MR. MARTINEAU: Is the word "helper" used there as if a fireman was the same thing?

MR. SINCLAIR: Yes. In the agreement there is the provision "fireman (helper)". In our submission the word is used synonymously. They both come from the same seniority list. If you will look at Exhibit No. 1, Article 11(f) you will see it says:

"A fireman or a helper, taken from the seniority ranks of the firemen, shall be employed on all locomotives; provided that the term 'locomotive' does not include any of the following."

HON. MR. MARTINEAU: It means the same man, it does not refer to two categories of employee?

MR. SINCLAIR: No, it is the same man. Paragraph (d) of the same Article 11 reads:

"The term 'helper' will be understood to mean the second man employed on electric locomotives or other than steam power."

They both have the same seniority; it is the same man.

BY MR. SINCLAIR:

Q Mr. Gossage, reference is made there to steam generators. Have you explained to the Commission what is a steam generator? Is there a steam generator on freight diesels?

A A steam generator is required, as I think we mentioned earlier, to supply steam for passenger trains in view of the fact that the diesel does not have a primary source of steam for motive power such as a steam locomotive. It is in operation only on passenger trains and trains carrying passenger equipment that require to be heated by steam.

Q I notice that page 6 of Exhibit No. 7 refers to checks and that it is not the duty of the helper to see that the unit is properly equipped and supplied with fuel, lubricating oil, water or sand. Is it a prerogative of the company under the agreement to designate whether a fireman will be required to do that? Is there any reference to that in this agreement or the western agreement?

A The company normally has the prerogative to specify what service should be required of employees. There is a clause in the agreement that refers to fuel, sand and water, Article 22.

Q That is at page 40 of Exhibit No. 1,
Article 22 of the agreement. It provides:

"Engine will be supplied with fuel, sand and water by engine house staff at terminals, and when necessary with coal at intermediate points. Engine running through terminals, where roundhouse staff is employed, will have coal shovelled ahead, and fire and ashpan cleaned by roundhouse staff, when necessary. Coal of proper size for firing purposes will be placed on all tenders.

(b) Fireman will be relieved of cleaning engine. Lubricators will be filled, headlights, markers and other lamps cared for (including filling, but not lighting) and all supplies placed on engine at points where roundhouse or shop staff is maintained. The fireman shall not be relieved of responsibility of knowing that the engine, for which he is called, is properly equipped for service."

Has that been changed in the light of page 6 of Exhibit No. 7?

A Yes. That was a provision which was intended to give the company the right if it so felt necessary to require a

fireman to check fuel, water and other supplies. The company by this bulletin stated that it does not now require a fireman to do that work.

Q Is there a similar provision in the western agreement, Exhibit No. 2?

A I will just have to check that. Yes, it is the same Article 22 on page 47, but the wording is a little different.

Q What was it?

A It is the same Article 22 on page 47. As I say, it is worded differently and it does not specify this question of the fireman checking fuel and supplies. There is no mention of that particular question.

BY THE CHAIRMAN:

Q What is the particular language in the Article 22 to which you are referring and to which you relate page 6 of Exhibit No.7?

MR. SINCLAIR: Article 22(b), the last sentence reads:

"The firemen shall not be relieved of responsibility of knowing that the engine, for which he is called, is properly equipped for service."

Then when you come to page 6 of Exhibit No. 7 the last line reads:

"In the same way, when a unit has been checked by shop staffs, the Helper is not required to perform mechanical

"checks, or to see that the unit is properly equipped and supplied with fuel, lubricating oil, water and sand."

The witness has said that the effect of this on the western agreement and on the eastern agreement was to relieve the fireman from any requirement to check his locomotive before he takes it over with regard to these items. I asked him about the western agreement, which was Exhibit No. 2, and he said that in that agreement there is no specification such as this. The bulletin, being page 6 of Exhibit No. 7, brings the matter into uniformity on the Canadian Pacific system.

BY MR. SINCLAIR:

Q Is that so?

A That is right. The bulletin was issued on all divisions of the company.

THE CHAIRMAN: The company relieved the men of any duty or duties at any time?

MR. SINCLAIR: That is right.

THE CHAIRMAN: It did in this case?

MR. SINCLAIR: That is right. This is one of the duties that might be looked upon as taking up time for preparatory inspection and the fireman is no longer required to do it.

THE CHAIRMAN: You are still on the question of arbitraries?

MR. SINCLAIR: Yes, we are still on arbitraries. I am sorry if I am taking so

much time.

THE CHAIRMAN: I am not hurrying you.

THE WITNESS: It should be pointed out that this relieves him on a diesel locomotive, whereas the agreement applies both to diesels and steam. He has not been relieved on steam locomotives. The company has not given up its right to require the fireman to accept responsibility on steam locomotives.

THE CHAIRMAN: Page 6 specifies that?

THE WITNESS: That is right, sir.

BY MR. SINCLAIR:

Q We have now dealt with pages 7, 8, 9 and 10 of Exhibit No. 7. They have to do with the prairie-Pacific region or western agreement. The last page, page No. 10 is the same as page 6, is it not?

A That is right.

Q Why did you put that in there?

A So that it could be compared with the duties that were specified in the prairie-Pacific region which had during the war a slightly different method of application from the agreement in the east. It brought the question of duties on diesel locomotives into conformity over the whole system.

Q Are there any specific points relating to the specification of duties of firemen or helpers on western lines you would like

to direct the attention of the Commission to?

A No, they are the same in intent as in the eastern region agreement. I think it is not necessary to go through those changes.

Q You have explained to the Commission the various changes that have taken place in these preparatory and final inspection arbitraries through the years. In the result, what do we have today?

A Well, at the present time we have a structure that has no consistency and no proper relationship to the work that is required to be performed. That has been the result of the attempts to negotiate changes, to try to keep them in line with the rather rapid technological changes and the difficulties that have been experienced in these negotiations.

Q What does the company propose on this matter of arbitraries? What is the position of the company? What do they think is right and proper on the question of arbitraries?

A The position of the company is that they should pay employees for all the time that it requires employees to be on duty, but that it should not be required to pay employees in addition to the basic pay that is specified in the agreement when no service is required in return for that time.

Q Would that mean a variation from terminal to terminal, or would it be the same?

A That would be a matter that would have to be established on the ground at each point. There are different conditions at some terminals that would justify differences in the allowances, and there will be differences in different classes of service. If they were justified by local conditions the men would be paid for all time the company required them to be on duty.

Q Instead of the minimum arbitrary as is now provided in the agreement?

A That is right.

Q It might be helpful to refer to Exhibit No. 1A. Mr. Gossage, could you by looking at Exhibit 1A, just read off the articles of the present labour agreement, which is Exhibit No. 1, which are involved in the modifications you have suggested in the matter of arbitraries?

A This is Exhibit 1A concerning the Eastern Region agreement. On page 8 it refers to Article 2, which governs the arbitraries in passenger service, and specifies clauses (b), (c) and (d).

Article 3, freight service, specifies clauses (b) and (d).

Article 4, yard service, specifies clauses (n) and (o).

Article 8, work trains, specifies paragraph (b). That provides for final allowance if engine tied up at other than regular roundhouse.

Article 15, hostling, housing and taking engine out. This is an allowance which applies where no shop staff is available and a fireman is required to put the engine into the house and take it out.

Q Would it be correct to say that similar clauses are set out in Exhibit No. 2A with respect to the western agreement?

A That is correct.

Q Turning now to the mountain differential.

MR. MUNDELL: This Exhibit No. 5 is a summary then of these articles? That is the source?

MR. SINCLAIR: That is right.

MR. MUNDELL: This is a graph putting together the results of all these provisions in the agreement?

MR. SINCLAIR: That is right, both in Exhibit No. 1 and Exhibit No. 2.

MR. MUNDELL: Exhibits No. 1A and 2A?

MR. SINCLAIR Exhibit No. 5 is a summary of all the clauses referred to in Exhibits 1A and 2A dealing with this subject which are now open, and these are the amounts specified in the agreement, including the fact when they are pro rata rates. There is an

asterisk at the bottom in that case.

BY MR. SINCLAIR:

Q When there is no pro rata, what are they?

A If it is in the Eastern Region and there are no specified pro rata rates, they will be paid a penalty rate if the crew was on overtime, and a pro rata rate if the crew was not on overtime. In Western Canada penalty overtime does not apply. All overtime is paid pro rata. So there will be no difference except in yard service, where penalty overtime does apply in the west. Final inspection in yard service is all pro rata rates in the west for diesel.

Q Turning now to the mountain differentials. What is the mountain differential in the labour agreement we have with the union?

A I have prepared a statement and chart which may assist the Commission in this matter.

Q The statement is headed "Canadian Pacific Railway Company -- Mountain and Valley Differentials for Locomotive Firemen" and consists of two sheets.

EXHIBIT No. 8 -- Statement of
mountain and
valley dif-
ferentials.

MR. SINCLAIR: With your permission we would make the chart Exhibit No. 8A.

EXHIBIT No. 8A -- Chart, mountain
and valley dif-
ferential.

BY MR. SINCLAIR:

Q Looking at Exhibit No. 8; having that before you, will you say what is a mountain differential?

A A mountain differential is a payment in addition to the standard rate specified in the Prairie-Pacific Region agreement which is applied to the rate for the basic day in certain specified territories which are territories where the grades are severe. Those territories are listed under the heading of "Mountain Differential" in Exhibit No. 8, and you will notice there is a total of 473.4 miles.

Q What province is that in, Mr. Gossage?

A That is in British Columbia, except for about five miles in Alberta from Lake Louise to the Continental Divide. All the rest is in British Columbia.

Q I notice at the end "differentials over standard rates."

A The current differential is 78 cents, in passenger service, for a day of 100 miles or less, and 72 cents in freight service.

Q Is that subject to an adjustment to be effective in rates as of June next, an additional 5 per cent?

A In June next there will be an additional

5 per cent as in effect March 31, 1956.

THE CHAIRMAN: What was that last question?

MR. SINCLAIR: I asked him whether the amount of 78 cents per hundred miles in passenger service, which is the amount of the differential, and the amount of 72 cents per hundred miles in freight service, which are the current rates; I asked whether they would be subject to further adjustment, an increase of 5 per cent in June next under the agreement which was negotiated. His answer to those questions was "Yes." That would total 12 per cent.

THE CHAIRMAN: Before you go on to refer to some change I should like to understand what the change is. This shows Lake Louise and Revelstoke, 20 miles, and then Lake Louise to Field-Laggan S. D.

THE WITNESS: "S.D." refers to sub-division.

BY THE CHAIRMAN:

Q I suppose that this means, if it is freight, and the train goes over that 20 miles, the man would get one-fifth of 72 cents additional as 20 miles is to 100 miles?

A That is right. He is paid for the mileage portion of his run. It would be at the rate of .78 cents per mile additional. That is 78 cents per 100 miles which is .78 cents per one mile.

Q It would be twenty times that?

A That is right.

Q And you say this has been changed, or is to be increased later?

MR. SINCLAIR: These are the current rates which were increased, partly pursuant to the agreement which was filed as a supplement, Exhibit 1A, increased by 7 per cent, and which will be increased by a further 5 per cent under that agreement if there is no modification or change in June next.

BY MR. SINCLAIR:

Q Valley differential is the next heading.

What is a valley differential?

THE CHAIRMAN: Are we concerned with the valley differential?

MR. SINCLAIR: We are because of the proposal that we are going to make.

THE CHAIRMAN: It was not one of the specific questions?

MR. SINCLAIR: No, it is a proposal of the company.

BY MR. SINCLAIR:

Q What is the valley differential?

A The valley differential applies to the balance of the British Columbia district, all the rest of the British Columbia district is what is known as valley territory. There a differential is paid currently of 9 cents per hundred miles in both

passenger and freight services.

Q There is a total of 1,473.8 miles of valley territory. When this mountain differential originated, Mr. Gossage, what was it related to?

A It was related to the grade conditions. I have here a document which throws a little light on that.

MR. SINCLAIR: I have here a document headed "Quotation from supplement to firemen's schedule effective February 1, 1916," with a further heading "Grades of 1.8 per cent and over." I would ask that to be marked as an exhibit.

EXHIBIT No. 9 -- Quotation from
supplement to
firemen's
schedule.

BY MR. SINCLAIR:

Q Looking at Exhibit No. 9, is there any particular part you wish to draw to the attention of the Commission?

A As it indicates, this is drawn from a supplement to a labour agreement of February 1, 1916, which covered the Prairie-Pacific Region and it dealt with the question of differentials such as mountain differentials.

Q Would you mind reading the first paragraph?

A It is headed "Grades of 1.8 per cent and over" and reads:

"The territory in which there exists
a differential in rates of pay by reason

"of gradients has been long established,
and we make no change thereto."

In the second paragraph it is provided that such differential shall be maintained in addition to the rates granted by that particular award.

Q Was that an arbitration award?

A It was an arbitration award that was referred to. I have another document which gives a little more information on this subject.

Q This document is headed "Canadian Railway Board of Adjustment No. 1. Supplement No.1 to Case No. 16 concerning the Kettle Valley Railway Company and the employees engaged in train and engine service, heard at Montreal, April 10, 1919." I heard Mr. Lewis ask if this was United States. Where is the Kettle Valley Railway?

MR. LEWIS: My friend heard me wrongly. I was referring to Exhibit No. 9 and was wondering whether that was from a Canadian agreement.

BY MR. SINCLAIR:

Q Where is the Kettle Valley Railway?

A The Kettle Valley Railway is the territory in southern British Columbia between Hope, which is about 70 miles east of Vancouver, and I think the Kettle Valley actually went to Nelson.

THE CHAIRMAN: I have not the slightest

idea of what you are on now. Where does the Kettle Valley Railway come in, is it Exhibit No. 9 or Exhibit No. 10?

MR. SINCLAIR: It is Exhibit No. 10.

THE CHAIRMAN: I thought you were talking about Exhibit No. 9.

MR. LEWIS: I am sorry, Mr. Chairman. Mr. Sinclair thought I was asking whether it was American. I was asking my advisers whether Exhibit No. 9 came from a Canadian or American agreement. That is an exhibit that Mr. Gossage had already dealt with. I understand it is Canadian.

THE WITNESS: It is a supplement to the Canadian agreement.

THE CHAIRMAN: I thought the witness was giving you an answer. That is what caused me to go off.

MR. SINCLAIR: I did not hear that.

THE CHAIRMAN: We are now on Exhibit No. 10. Mr. Sinclair, if you will allow me to make a suggestion. When you produce a new document would you say that you are putting it in as exhibit so-and-so in order that we may get the number on the notes right away before we get into a long discussion and get away from it. It makes it much easier when you are reading the transcript later on.

MR. SINCLAIR: I will do that, Mr. Chairman. I am producing now as Exhibit 10

Canadian Railway Board of Adjustment No. 1,
Supplement No. 1 to Case No. 16 concerning the
Kettle Valley Railway Company and the employees
engaged in train and engine service, heard at
Montreal, April 10, 1919.

EXHIBIT No. 10 -- Canadian Railway
Board of Adjust-
ment No. 1 --
Supplement No. 1
to Case No. 16.

THE CHAIRMAN: What is the Canadian
Railway Board of Adjustment No. 1?

MR. SINCLAIR: That is a board made
up of representatives of employees and represen-
tatives of the company which sits to hear cases
that are placed before it, either by the company
or by the union.

THE CHAIRMAN: Is it something provided
for by the Railway Act?

MR. SINCLAIR: No, it is set up by way
of agreement as an arbitration board to settle
disputes under a contract. There is a pro-
vision for appeals from it to a binding decision,
which I do not think has ever been exercised.
They have disposed of all the cases before them
in the many years they have been sitting. It
is a group of men, both from the union and the
company, who sit and hear these presentations
from either the company or the union regarding
the interpretation of schedules, agreements,
discipline and so on. It is an appeal body.

THE WITNESS: It covers all railways,

not only the Canadian Pacific. It covers all Canadian railways which are represented on it.

BY MR. SINCLAIR:

Q Looking at Exhibit No. 10; is the Kettle Valley Railway now part of the Canadian Pacific?

A The Kettle Valley is now an integral part of the Canadian Pacific system. At the time of this award the Kettle Valley was separately operated and its rates of pay had not been brought into the exact same pattern as the Canadian Pacific. The question was the establishment on the Kettle Valley of similar wage conditions under the adoption in Canada of what was known as the McAdoo Award, which was really a re-writing of the running trades' agreements originating in the United States but adopted by agreement in Canada.

The question was put before the Board, among a number of other questions concerning the Kettle Valley Railway, as to what portion of the road should pay a differential for mountain rates, and the answer of the Board was:

"The representatives of the railway and the organizations indicated a willingness to have this question determined for them on the basis of an equitable recognition of conditions prevailing on the C.P.R. in

"respect to certain mountain mileage, and the Board had placed before it a table showing the miles of mountain grades and the miles of valley grades on the respective districts of the Kettle Valley Railway, which table was confirmed by a pencil sketch given to the Board by the representative of the company.

The Board finds that on **districts 1, 2 and 3** there are 103 mountain grade miles out of a total of 298 miles for these districts, and, therefore, decides that for the retroactive pay period the men in train and engine service employed on the above three districts shall be paid 35 per cent of the mountain rate differential in effect for similar service on the C.P.R. between Lake Louise and Revelstoke, and that such 35 per cent of the mountain rate differential shall be added to the valley rates on the C.P.R. between Revelstoke and Vancouver, and valley rate increased by the 35 per cent shall be made effective on the entire mileage of districts 1, 2 and 3."

The other two paragraphs do not add to the point, which is that the mountain differential was determined by the grade conditions, that the territory was determined by the grade over which the operation was continued.

Q Why was the differential related to grade?

A Because of the amount of work which would be required. It was affected by the grade condition. At this time all the locomotives in service in this territory were hand-fired locomotives and the work involved in keeping up steam pressure on these powerful locomotives up these steep and often long grades is quite arduous.

Q Was there any other factor than gradient conditions involved?

A The second factor which seems to have played a part in the establishment of these differentials is that the speed over the territory was slower than in the Prairie or Eastern territory and therefore it was more difficult for the men to make, during a month, the same miles in a reasonable period of time so that their monthly earnings would be affected. The higher rate seems to have been an offset to what was judged difficulty in earning the same monthly compensation in miles.

Q Has the advent of the diesel affected the factor of earnings?

A It has affected earnings both in the sense that it has increased the speed of the road considerably, particularly in the heavy grade territory.

Q Can you give us an example of the speed in

one division as against another?

A At the present time in the mountain subdivision which is on the main line in the heavy grade territory between Revelstoke and Field, our simple freight trains there are scheduled to average a little over 24 miles per hour. As a comparison with this, on the Thompson subdivision which is in valley territory and the run is between Kamloops and ^{NORTH}~~Grand~~ Bend those same simple freight trains are scheduled at just over 25 miles per hour a difference of about one mile per hour in the average speed for the simple freight trains over those two subdivisions, one of which is in mountain territory and the other in valley territory.

Q Are the requirements of service from the point of view of the firemen different as between the mountain and the valley territories?

A Today on the diesel there would be no difference in the requirements of service. There is no work performed by the firemen that is in any way related to a grade condition.

Q You said earlier that the coming of the diesel also affected the earnings of firemen in these areas. How did that happen?

A I may have an opportunity to explain this a little later, but rates of pay of firemen vary according to the size of the locomotive as measured by weight on drives. A diesel in a multiple unit weighs considerably more than

the steam engine it replaces because a steam engine cannot be operated in multiple units.

MR. SINCLAIR: I would like to produce as Exhibit 11 a statement entitled "Effect on Earnings of Firemen in Mountain Territory of Substitution of the Diesel for Steam Power and Comparison with Effect of Mountain Differential.

EXHIBIT No. 11 -- Statement - Effect on Earnings of Firemen in Mountain Territory of Substitution of Diesel for Steam Power, and comparison with effect of Mountain Differential

BY MR. SINCLAIR:

Q Look at Exhibit 11, Mr. Gossage, will you, and explain it please?

A The purpose of this exhibit is to show the earnings that would accrue to a fireman in the steam service and in the diesel service both on the main line in mountain territory, which would be between Field and Revelstoke, and also on the Kettle Valley and Kootenay territory which I refer to as the south main line which extends between Hope, B.C. and Castlegar, which is the territory in which mountain grades occur. In the first section I have shown passenger service on the north main line. Prior to the advent of diesels the steam power used on passenger trains was a T-1 engine which fell in the bracket 350,000 and 400,000 pounds of drive.

Including the mountain differential -- these are all at the present rates of pay effective from January 1 -- they would be paid \$12.03 per 100 miles. The maximum mileage for a man in passenger service, that is regulated to a maximum -- is 4,800 miles. Therefore, the earnings at this maximum mileage would be \$577.44; that includes the mountain differential. Today passenger trains would normally be hauled by a three-unit diesel. A three-unit diesel would fall in the bracket 750,000 to 800,000 pounds; in other words approximately twice as heavy as the steam locomotive it replaced. In that bracket the ratio is \$12.79 for 100 miles if you include mountain differential. At the valley differential rate, that is including the differential of nine cents per 100 miles instead of 78 cents per 100 miles, the rate would be \$12.10. For the maximum passenger mileage earnings, if you include mountain differential, would be \$613.92, that is the present basis, but if they were paid at the valley rate it would be \$580.80, or roughly \$3 higher than the earnings made on steam including mountain differential.

Q So you compare the figure \$577.44, T-1 engine in passenger service, with a three-unit diesel in passenger service, substituting valley differential for mountain differential and

S.M. Gossage

the figure you come to is \$580.80. If there was a four-unit diesel passenger train instead of three would the rates go up?

A The rates would be higher.

Q Do they run a four-unit diesel?

A I think they have on occasion, but the normal would be three in passenger service. I show on the ~~sketch~~^{SOUTH} on the main line, that is through the Kootenays, that the previous power was what is known as a P-1 engine which is an engine of 43,000 pounds ~~tracked together~~^{tractive effort} weighing between 200,000 and 250,000 pounds which would give monthly earnings of \$567.84. At present in this territory normally you would have two-unit passenger trains since passenger trains are lighter and shorter. These would fall in the 500,000 and 550,000 bracket. The present earnings including the mountain differential are \$590.40 at the maximum passenger mileage. If they were paid valley differential they would earn \$557.28, which would be just \$10 below their earnings on steam including mountain differential.

In freight service the comparison on the north main line is again between a T-1 engine and in this case a four-unit diesel which is normally operated in the mountains wherever the tonnages are available. In this case the steam would give monthly earnings at the maximum

freight mileage of 3,380 miles of \$509.20, whereas on the diesel at the valley rate you would still make \$579.88 or some \$70 a month more than the earnings that were available at the maximum mileage to firemen on steam including the mountain differential. In the Kootenay-Kettle valley territory the same comparison applies. There the earnings available at the steam rate were \$487.16 including mountain differential, whereas a four-unit diesel paid at valley differential rates, not mountain differential, would afford earnings of \$579.88 which is \$92 a month more at the maximum rate mileage.

3
G-#

BY THE CHAIRMAN:

Q You explained the reason for the mountain differential. What as a matter of interest is the reason for the valley differential, and the difference between the two?

A With respect to the valley differential it would be largely because in the valley territory speed is still somewhat restricted as compared with speed on the prairies. There is a great deal of sharply curved track where it is necessary to impose speed restrictions and the movement over the road is not as fast as on the Prairie or the Eastern subdivisions. That would be about the only justification which remains for the payment of differential in valley territory.

G-7

Q There is not the same increase in work?

A There is no difference in work in any class of power except that slower movement on the road might mean that a man was on the engine longer.

Q I was thinking about it at the time when these differentials arose.

A When they arose, no, because the gradings in valley territory are no worse than the gradings experienced in many areas in the East and indeed in areas on the Prairies.

BY MR. SINCLAIR:

Q On the matter of the mountain differential what is the position of the company on this in respect to the change in the modification in the existing agreement?

A The position of the company is that under existing conditions in a territory that is completely dieselized there are no conditions in mountain territory that would justify any higher rate of pay than is applied in the surrounding territory which is territory subject to the valley differential. The position of the company is that the men in mountain territory should be paid the same valley differential as the balance of the engine service employees in British Columbia.

Q Isn't there any similarity of operating conditions in valley and mountain territory with respect to such matters as rock cuts,

snow slides and things like that nature?

A I would say there is a very considerable similarity. There are areas in both territories subject to snow slides. There are places on the mountain subdivision wellknown for snow slides and there are places in the Fraser Canyon perhaps even better known for them.

HON. MR. McLAURIN: They had me there for fifteen hours.

THE WITNESS: Sometimes that happens. The same thing applies on the south line. There are areas in the mountain grades which are bad for slides, and there are areas in the valley grades which are bad for slides. In fact there are areas entirely outside the mountains where interruptions of that nature occur.

MR. SINCLAIR: I wish now to move from the question of mountain differentials into some general background of material which I wish to put in through this witness. First I have a statement which I will ask be introduced as Exhibit 12. It is entitled "Number of Locomotive Firemen Apprentices, (Helpers) and Hostlers, Canadian Pacific Lines in Canada.

EXHIBIT No. 12 -- Statement:
Number of Locomotive Firemen
Apprentices
(Helpers) and
Hostlers, Canadian
Pacific lines in
Canada

BY MR. SINCLAIR:

Q Dealing with Exhibit 12 will you comment on that as to firemen in the employ of the company?

A That shows that for the last twelve months period for which the records were available, that is up to November 1956 the average number of firemen employed was 3,190, which includes 263 hostlers. That is divided into 449 in passenger service, 1,690 in freight service and 788 in yard service.

BY THE CHAIRMAN:

Q Is a hostler a fireman?

A He is drawn from the firemen's seniority list. He works within the shop area, moving locomotives between the shop and the shop track or any other necessary movements around the shop.

BY MR. SINCLAIR:

Q The bottom part of that statement is headed Number of Locomotive Firemen (Helpers) with Less than Three Years Seniority as at April 1, 1956. Why did you take the date April 1, 1956?

A That is the date at which the agreement became open, at which time revisions to our agreements could be effected, and that was the date specified in the notices both from the company and the firemen for making effective changes. The changes which have been made at the request of the firemen are set out in Exhibits 1-A and 2-A

and they were effective to April 1 backwards. The wage changes were effective backward to April 1.

Q And this shows the number of men with less than three years' seniority in the various regions and in the two subsidiaries which total 477.

MR. SINCLAIR: I am now producing a statement which is an extract from the agreement entitled "Rates of pay per day of 100 miles, Canadian Pacific Railway Company (lines in Canada). I would ask that it be marked as Exhibit No. 13.

EXHIBIT No. 13 -- Rates of pay per day of 100 miles, C.P.R. (lines in Canada).

BY MR. SINCLAIR:

Q Are these figures and amounts taken out of the agreements that were filed as Exhibits 1, 1A, 2 and 2A?

A These figures are drawn from Exhibits 1A and 2A for the rates effective January 1, 1957. For the rates effective June 1, 1957, they are those same figures.

BY THE CHAIRMAN:

Q I am perhaps not too clear on this. The agreements which you put in as Exhibits 1 and 2 were 1954?

A Yes, sir.

Q When did they run out?

A There was a renewal of those from April 1, 1955. There were certain changes in vacation allowance. That renewal ran out April 1, 1956. Let us say the agreement became subject to changes from April 1, 1956.

Q What was the significance of the first table on Exhibit 13, effective January 1, 1957?

A The supplementary memorandum of agreement, Exhibits 1A and 2A specified that wages would be increased by 7 per cent effective April 1, 1956. Those are the rates which are in effect from January 1, 1957. They would then be increased by a further 5 per cent on June 1, 1957.

Q I see.

A It was a stepped increase.

BY MR. SINCLAIR:

Q How are firemen paid for road service? Has this only to do with road service of firemen?

A No. On the second sheet you will find the rates for yard service.

Q Is it inclusive or exclusive of arbitraries?

A This is exclusive of arbitraries. This is the amount specified for a basic day. I think I should explain what a basic day is.

Q Just a moment. Is it inclusive or exclusive of differential?

A This is exclusive of mountain differential or valley differential. Those are added to the amounts here specified.

Q Now would you please go on to explain what a basic day is?

A Yes. The agreements define a basic day as 100 miles or eight hours.

BY THE CHAIRMAN:

Q Whichever is the least?

A Yes. That is to say, if a man has performed

for 100 miles he has performed a basic day, but that does not necessarily mean a day because he can go on a run of 125 or 150 miles or in some cases 175 miles on one subdivision, but he has **then** performed a day and three-quarters in the one run. The structure of the pay is all built on that basic or notional day of 100 miles. On the time basis eight hours applies. If a man has been on duty eight hours he has similarly performed a day even if he has not gone 100 miles. But he will continue on duty until he reaches his objective which might be in some cases nine or ten hours.

BY HON. MR. McLAURIN:

Q If he sticks in the snow for eight hours he has a day?

A Yes. He sticks to it until he reaches his terminal or until he is relieved from duty. Overtime pay then comes into effect.

BY MR. SINCLAIR:

Q Would a phrase that would describe it be an nominal day? It is not a true day; it is a nominal day?

A A nominal or notional day.

Q It is not a working day?

A No. That might be illustrated in relation to the mileage regulations and provisions. The agreement provides, and this is made between the employees and the company,

that monthly mileage shall be regulated so that work is available for a reasonable number of people, spread over among a reasonable number of people, and the people have the opportunity to make reasonable earnings in the services to which they are assigned.

Previously the regulations provided that the mileage will be regulated as far as possible -- it is not mandatory -- between 4,000 miles and 4,800 miles per month. That means that a man in passenger service will perform between 40 to 48 of these notional or nominal duties in the course of a month. In freight service the regulations provided for a mileage of between 3,200 and 3,800 miles per month, and in that service between 32 to 38 nominal or notional days are performed in the course of a month.

Q If you relate miles and hours what is it for freight service?

A The relation in the freight service is 100 miles or eight hours, which gives a conversion factor of 12-1/2 miles per hour. That is the factor by which the arbitraries can be converted into miles which is normally the basis for calculating pay. If a man is paid for 30 minutes that is 6-1/4 miles in freight service. In passenger service

100 miles is related to five hours. The speed basis on which time is translated into miles is 20 miles per hour. Those are merely conversion figures which have been chosen to express miles and hours in the same terms for the purposes of calculating pay.

Q You have two elements of pay, miles or hours or miles and hours, depending on what is done. Is there any other factor?

A You will see by the tables here the weight on drivers, as I mentioned before, is another factor in the pay scale. The greater the weight on drivers, that is the heavier the locomotive, and the more power it is able to exercise through adhesion to the rail the greater the rate of pay that is allowed on it.

Q So that a fireman in one class of power moving over the track at the same speed would make more than a fireman on another class?

A That is correct.

Q How much would a fireman in passenger service earn? You have prepared an exhibit showing the average earnings per hour worked, 12-month period, September 1955 to August 1956, Canadian Pacific system. I would ask to have that marked as Exhibit 14.

MR. LEWIS: If I may, I am wondering

what part of the inquiry that the Commission is making and the determination it may have to make that this kind of material is relevant to. The average earnings of employees would be relevant to a wage dispute or something of that sort, but with great respect I, at the moment, do not see the relevance of this kind of material to the issues described or defined in the order in council.

EXHIBIT No. 14 -- Average earnings
per hour, 12-
month period,
September 1955 to
August 1956.

THE CHAIRMAN: If you cannot see it at this stage I do not suppose that anyone up here can. Perhaps Mr. Sinclair will make it clear tomorrow morning.

MR. SINCLAIR: I would be glad to say what it is at this time to help my friend so that he won't worry about it over night.

MR. LEWIS: I assure you I won't worry about it over night.

---The Commission adjourned at 4.00 p.m. until
10.00 a.m. Tuesday, March 5, 1957.

--

--

**ROYAL COMMISSION ON EMPLOYMENT OF FIREMEN
ON DIESEL LOCOMOTIVES IN FREIGHT AND YARD
SERVICE ON THE CANADIAN PACIFIC RAILWAY**

2

PROCEEDINGS

DATE: March 5, 1957

PLACE: Ottawa, Ont.

PAGES: 144 - 280

VOLUME: TWO

E. L. FEATHERSTON
SHORTHAND REPORTER
241 MANOR AVENUE
ROCKCLIFFE PARK
OTTAWA, CANADA

Mr. Mundell

I N D E X

WITNESSES

GOSSAGE, S.M.,

Exam. by Mr. Sinclair	149
Exam. by Mr. Lewis	197

EXHIBITS

No. 15 - Annual savings from company proposals	158
No. 16 - Railway revenue, expenses and operating income 1949-56	165
No. 17 - Comparison of net income with re- quirements of Board's formula...	166
No. 18 - Rate of return on net invest- ment, 1949 to 1956	170
No. 19 - Rate of return on C.P.R. investment compared with other industry	173
No. 20 - Goods transported by various media	175
No. 21 - Comparison of industrial pro- duction with rail traffic	177
No. 22 - Commercial vehicle registrations.	179
No. 23 - Revenue on grain and grain products	186
No. 24 - Number employees in various classifications	194
No. 25 - Timetable, Mountain Division....	271

ROYAL COMMISSION ON EMPLOYMENT
OF FIREMEN ON DIESEL LOCOMOTIVES
IN FREIGHT AND YARD SERVICE ON
THE CANADIAN NATIONAL RAILWAY

Proceedings of public
hearing held at Ottawa,
Ontario, Tuesday, March
5, 1957.

PRESENT:

Hon. R.L. Kellock,	Chairman
Hon. C.C. McLaurin,	Member
Hon. Jean Martineau,	Member
Douglas M. Fraser,	Secretary
A.R. Winship	Asst. Secretary

APPEARANCES:

D.W. Mundell, Q.C.	Representing the
C.J.A. Hughes, Q.C.	Commission
I.D. Sinclair, Q.C.	Representing the
	Canadian Pacific
	Railway Company
David Lewis,	Representing the
	Brotherhood of
	Locomotive Firemen
	and Engineers

Tuesday,
March 5, 1957.

MORNING SESSION

--- The Commission resumed at 10.30 a.m.

--- The Commission resumed at 10.30 a.m.

THE CHAIRMAN: We have had an opportunity of considering the matters mentioned yesterday in connection with Mr. Wismer's application to file a brief, which is the word usually used. We had thought we ought to accept this. There is an old saying that truth may be found anywhere and no doubt you know the rest of that quotation. It does not apply completely.

Possibly you might be able to explain, Mr. Lewis, to the officers of the Labour Congress who want to file the brief that any controversial statements in a written submission of that kind would not have the same weight as if a witness came here and stated it in the presence of the opposite party and submitted to cross-examination. We will receive the brief.

MR. LEWIS: Mr. Chairman, since you have asked me to explain it to the Congress officers, am I to understand that it will be accepted in written form without having to be presented in person, or do you invite them, if they see fit, to present it in person.

THE CHAIRMAN: That is entirely for them to decide. It is a matter of weight, as you know.

Then on the other matter, we have also decided that we think we should accede to the suggestion that we hold sittings elsewhere. However, we would like to discuss that with counsel and with

Mr. Wismer. That may be done at your convenience
some time later.

S.M. GOSSAGE, Recalled

MR. SINCLAIR: Mr. Chairman, at the sittings yesterday my friend Mr. Lewis raised a question as to the relevancy of the evidence we were tendering in regard to earnings of firemen.

THE CHAIRMAN: Exhibit No. 14.

MR. SINCLAIR: Yes. It is my submission that this material and some that will follow is relevant, first to show that firemen are today receiving good wages -- it could be expressed another way but let us express it that way, that they are receiving good wages. The elimination in toto of the arbitraries, indeed the elimination of the mountain differential allowances in toto would not impose on them any hardship. These additional payments are not necessary to provide a fair level of compensation. That applies to both steam and diesel firemen, in passenger and freight and yard service.

Secondly, under Question No. 2 before the Commission, one of the items is: What is fair to the users of the transportation and to the company? It is my submission that evidence as to the earnings of firemen is relevant to show how important it is to remove firemen as quickly as it can be accomplished where they are not required so that the fairness that is involved in that second question to the users and to the company and to the other employees of the company can be brought about.

In my submission it is important that the

earnings of individual firemen, or the average earnings of firemen is relevant in both of these respects.

MR. LEWIS: Mr. Chairman, if my friend's evidence is directed to trying to show that the arbitraries and the mountain differentials are not necessary and that certain savings will be obtained by the removal of firemen from diesel engines to that extent I admit that consideration of the cost of the firemen's services is relevant. If that is the purpose of that evidence I make no objection.

I just raised the question because I submit this is not a wage issue. I could not see the value of submitting wage data. But if those are the weights to which my friend is directing that evidence, then it may be relevant.

THE CHAIRMAN: Again it is a matter of weight.

MR. LEWIS: Yes.

HON. MR. MARTINEAU: Am I to assume that these figures are based only on the basic pay, without taking the differentials or the arbitraries into consideration?

MR. SINCLAIR: That is correct, sir.

MR. LEWIS: Did my friend say that that is so with regard to Exhibit No. 14?

MR. SINCLAIR: That is the basic pay rate.

MR. LEWIS: I respectfully suggest that my friend had better ask the witness because I suspect he is wrong.

MR. SINCLAIR: If you look at Exhibit 14 --

THE CHAIRMAN: I am quite sure the witness knows.

MR. LEWIS: In my experience I am sure he does.

MR. SINCLAIR: I am sorry, my friend is quite right. Exhibit No. 14, which shows the average earnings per hour, would include the total compensation.

HON. MR. McLAURIN: I think you said that yesterday.

MR. SINCLAIR: I am sorry.

THE CHAIRMAN: It is earnings, not rates in Exhibit No. 14.

BY MR. SINCLAIR:

Q Looking at Exhibit No. 14, Mr. Gossage, what comment do you wish to make on it?

A Exhibit No. 14 shows the earnings of firemen per actual hour worked and compares it with that of comparable other employees in the running trades. Now, in relation to what has just been said, the earnings per actual hour of work would include the effective mountain differential, but would not be affected by the arbitraries because the arbitraries would appear on both sides of that. That is, they appear as time paid for and as money paid for. Therefore, their presence or absence would not affect the

average earnings per hour worked because they appear on both sides of the equation.

The comparison here shows that a fireman is earning per actual hour worked, in passenger service, \$2.93. That is higher than what is paid to other classes of running employees except enginemen in passenger service. It is higher than what is paid to enginemen in freight service and it is higher than what is earned by conductors, even conductors in passenger service, and is very considerably in excess of the earnings of trainmen in freight service.

The relation of the fireman's rate to the conductor's rate is a little more normal in freight service. It is below the conductor's rate in freight service but it is above the rate of trainmen.

These are the earnings for the year ending August, 1956. The reason for that is that subsequent to August 1956 the effects of the wage increases resulting from the various settlements that have been made in the last few months began to appear in the figures, and they would appear at different times for different groups of employees according to the dates of settlement.

Therefore, no earning comparison could have been made subsequent to that date and also an earnings figure which included partially the



old rates and partially the new rates might be a little misleading. But after June 1 of this year these earnings will be 12 per cent higher. The current rate is approximately 7 per cent higher.

Q Mr. Gossage, taking a fireman in freight service, for instance, how long would he be on the job to secure that rate of \$2.054, plus whatever additions there might be?

A The average hours per month worked in freight service at the present time is 163. That is in the last twelve months the average.

Q If a man had started as a fireman today would he start at that rate immediately, or would he have a period of training, say for three or four years before he got it?

A A man starting receives at once the full rate as shown in Exhibit No. 13.

Q What are the average annual earnings of firemen in the three classes?

A A fireman in passenger service earns around \$5,000; somewhere around there per annum. In freight service his earnings are just under \$4,000. In yard service he earns between \$4,500 and \$4,600.

Q How do the rates per hour, the earnings rather, of a fireman, compare with the earnings per hour in outside industry?

A I have prepared a statement --

MR. LEWIS: With great respect, I really

cannot see the relevancy of that.

THE CHAIRMAN: I cannot either at the moment.

MR. SINCLAIR: Mr. Chairman, my submission is that I am going to present some evidence as to the skills required by firemen. I submit that such evidence is relevant showing the requirement of skills by a fireman on a diesel, what kind of skills he requires. My submission is that his rate of pay, his earnings are a reflection of the different age. The rates are tied in with steam requirements.

There is a firemen's agreement and the firemen's pay is based on the concept that as well as being on the engine he might be working on a steam engine. My submission is that the steam engine fireman has a specialized job, certainly on a hand-fired engine and even on a stoker or oil-fired engine. a certain degree of skill is required, sometimes quite a skill. I am going to show that that is reflected in his earnings and I should like to compare those earnings with skilled trades outside.

When we come to diesels it would be my submission that there is not that skill required. This I say is a further recognition that the man does not fit into the modern diesel age at all.

THE CHAIRMAN: Well, with regard to which question is this evidence you now tender relevant?

MR. SINCLAIR: It is all relevant, I suggest, to question no. 2 as to what would be fair to the company, what would be fair to the users of transportation and what would be fair to other employees, because it will be my submission, sir, that if firemen who are being paid as skilled specialists are being maintained when they are not required and are being paid as skilled specialists, that has something to do with the proposal that we will submit in due course as to how they will be, shall I say, displaced.

MR. LEWIS: Mr. Chairman, it seems to me that the position is relatively simple. Either the fireman is required or he is not required as far as this commission is concerned. You are not concerned with the wages that they get, whether they are high or low, so that it cannot be relevant to the first question.

THE CHAIRMAN: No, it has not been tendered in connection with the first question.

Mr. LEWIS: As to the second question, Mr. Chairman, what the Commission is required to decide, assuming that it recommends that firemen helpers are no longer required on diesel locomotives, is what are the terms and conditions which would be fair to the firemen, to those who use the railway,

to the railway company and to its other employees, in other words, what terms and conditions should be observed by the railway for the purpose of protecting the firemen now in its employ? With great respect, I do not see what possible relevance evidence about wages paid in other industries could have to that question either.

I appreciate that this is not a trial and I am not going to be technical and push an objection in the same way one would when there was an issue between the parties of a different kind.

MR. SINCLAIR: With respect, I suggest that he should. I do not want to burden the record with anything that is not completely tested on the most strict rules.

MR. LEWIS: I appreciate my learned friend's generosity, Mr. Chairman, but I was going to add that I would not push it in the same way because the members of the Commission will know what weight to give to one type of evidence or another and will likely be a little bit more lenient in what is admitted here than what might be admitted elsewhere.

But I respectfully submit that even if the firemen receive the highest wages in Canada, out of all proportion to anything anyone receives -- and I quickly add that is not so according to my instructions -- it still would not make any difference as to what you have to answer in the

second question, what is fair to the firemen, to the railway, to Canada as an economy and to the other employees of the railway because the size of their wages cannot affect that problem. Obviously what is involved there is whether they are to be displaced rapidly or over a period or by steps and so on. I just do not see the relevancy.

THE CHAIRMAN: Well, Mr. Sinclair is tendering this in connection with something else, a proposal of the company in this regard about which we are to hear later, and perhaps the shortest way is to take it and then we can decide when we hear the proposal whether or not it is relevant and if it is not relevant we can eliminate it from consideration then.

MR. LEWIS: Right.

THE CHAIRMAN: It is quite true, of course, that we do not want to spend time taking any evidence that will not do any harm but perhaps the situation is not clear enough at the moment to make any other ruling. Go ahead, Mr. Sinclair.

BY MR. SINCLAIR:

Q Have you prepared a statement, Mr. Gossage, entitled "Hourly Rates as Indicated by Institute Surveys of Various Skilled Crafts"?

A That is correct.

Q It is a statement entitled "Hourly Rates, As Indicated by Institute Surveys", and I would ask

to have that marked as exhibit 15. Looking at exhibit 15 what is your comment, Mr. Gossage?

A Well, I would draw attention that the comparison between the rates of average earnings per hour shown for firemen on exhibit 14 with the rates that are shown on exhibit 15 for certain skilled --

MR. LEWIS: I beg the witness' pardon. Before we go any further I think I ought to register this objection to this particular exhibit. If we are going to have evidence, I respectfully submit, whose relevance is at least in question, not to put it any stronger than that, then surely the evidence ought to be of a kind which either the witness himself can assure the Commission he has gathered or has had his staff gather for him or it should be evidence which is to be found in publications of public authorities like the Dominion Bureau of Statistics or the Labour Department or similar. This is "Hourly Rates as Indicated by Institute Surveys".

THE CHAIRMAN: Well some institute we do not know anything about.

MR. LEWIS: I assume some institute in Quebec and some institute in Ontario, and I respectfully submit that certainly in the case of evidence whose relevance is as doubtful as this, this kind of source for the evidence makes it pretty useless.

THE CHAIRMAN: Perhaps the witness was just going to tell us --

MR. SINCLAIR: With respect, I accept the point made by my friend that primary evidence should be brought on all submissions to this Commission, and on that basis I will withdraw it.

THE CHAIRMAN: You will withdraw this exhibit. Just strike out exhibit 15.

BY MR. SINCLAIR:

Q Mr. Gossage, you stated earlier the company's proposals to be with regard to firemen on freight and yard diesels that they be displaced, with regard to arbitraries that they be modified, and with regard to the mountain differential that it be modified. Is that a correct summary of your position?

A That is correct.

Q And based on these proposals, have you calculated the annual savings that would accrue to the Canadian Pacific and to the people who carry the burden of transportation costs?

A I have.

MR. SINCLAIR: I present to the Commission the statement prepared by Mr. Gossage showing "Estimated Annual Savings from Company Proposals, Canadian Pacific Lines in Canada." That will be exhibit 15.

EXHIBIT NO. 15-- Statement showing annual savings, from company proposals, Canadian Pacific Lines in Canada.

BY MR. SINCLAIR:

Q Looking at exhibit 15, Mr. Gossage, would you please comment on it?

A In the first box this shows the effect of the reduction of mountain differential to the level of valley differential. You will notice that the current saving and the ultimate saving have been shown, and in the case of the mountain differential the ultimate saving is shown as less than the current saving. The reason for that is that this is based on the position of the company that firemen should be withdrawn from freight and yard service, and therefore in the ultimate there would be no firemen on freight trains to receive the mountain differential and therefore the ultimate figure represents payments to firemen on passenger trains only.

Similarly, in the effect of the arbitraries, the current figure is the situation that exists now with firemen employed on all locomotives. The ultimate figure is the situation that will exist in the position of the company with firemen withdrawn from freight and yard locomotives.

Then, of course, item 3 shows the total

savings that would result from the company's position, assuming the current being based on the present stage of dieselization of the company and assuming that this change was made immediately effective, not giving any weight to any possibility that it would be introduced over a period of time, whereas the ultimate is when the dieselization program of the company is completed and steam locomotives have been withdrawn. Those figures for elimination will of course include certain amounts for arbitraries and mountain differential now being paid.

BY THE CHAIRMAN:

Q Your "3" includes 1 and 2?

A Yes. In calculating the savings for the arbitraries the proposal of the company, the position of the company is, of course, based on the fact that men should be paid for the time required to be on duty and it has been necessary to make the most intelligent estimates that was possible of the average times that would result from that, and on the second sheet has been shown the times that have been assumed for purposes of calculating this exhibit.

BY MR. SINCLAIR:

Q In taking that basis, Mr. Gossage, did you try to take a maximum figure or a minimum figure or just exactly what kind of figure is that?

A We tried to take a very conservative figure,

a figure that would allow a good margin for eventualities that might arise at different places that would require payment of times in excess of those that might be required in other instances.

Q When you say "a conservative figure" you mean you calculated the saving on a conservative basis?

A That is right. The saving is stated at a low rather than a high figure.

Q And that would require the figures on sheet 2, would it, to be on a liberal basis?

A Yes, the allowances for the initial and final times are liberal. Therefore the estimates of savings are conservative.

Q Would you go on with any comment you have, Mr. Gossage? What are the totals?

A You will notice that the mountain differential, the amount involved currently is \$16,000 and the final amount with firemen restricted only to passenger service in the mountains would be \$4,000. Arbitraries on the current basis are \$488,000 and the final situation with freight and yard firemen withdrawn from diesels in freight and yard service and with the passenger service completely dieselized would be \$143,000.

Then, as to the elimination of firemen, the amounts that are being paid at present for firemen on freight and yard service on diesels total \$5,746,000, a little less than \$6,000,000,

and when the dieselization program of the company is completed the amounts that would be paid to firemen in freight and yard service, were they retained on diesel engines, would be \$11,581,000. Those are based on the current rates of pay, that is, the rates of pay in effect now, today.

Q Which are subject to increase, as you have explained earlier, by another 5 per cent?

A Five per cent on the rates previously in effect which would be just a little less than 5 per cent on the current rates.

BY THE CHAIRMAN:

Q Perhaps this was covered by something we went over yesterday, but are firemen, whether on steam or diesel, paid at the same rates?

A They are paid under the same schedule of rates and their rate of pay would be affected only by the different weight on drivers in the case of multiple unit diesels. The arbitraries differ in allowance but the rate of pay is similar for similar weights.

Mr. S. M. Gossage

BY MR. SINCLAIR:

Q Now, Mr. Gossage, would you take that figure of \$11,500,000 and place it in juxtaposition with the railways. Could you give us a bench mark? Would that be in something other than wages?

A One comparison is that would represent just about the total cost of the St. Luc yard in Montreal, the most modern yard in Canada.

Q That is the capital cost?

A Yes.

Q This is annual, is it?

A Yes, it is annual, but that, of course, is a single expenditure.

Q Yes.

A Well, put it in relation to something in the revenue side. That would be about one-third of the total revenues that the company derives from the carriage of grain in western Canada, which represents, I think, about one-fourth of our total volume of business.

Q Now.

A That is in ton miles.

Q What about the comparison outside?

A Well, one that is I think quite a striking comparison is that amount of money is almost the same as the total annual salaries paid to all professors in Canadian universities: that is, assistants, associates, professors, deans,

Mr.S.M.Gossage

heads of departments. I think their figure as quoted by the Gordon Commission, was \$12 million, or approximately the same figure.

BY THE CHAIRMAN:

Q. I suppose you could sum it all up in this way, the amounts are substantial.

MR.SINCLAIR: They are even substantial in an operation, in our submission, as big as the Canadian Pacific operation and which is a service industry.

BY HON. MR.McLAURIN:

Q. I do not know whether this is relevant, but I think it is. How does it relate to total earnings?

A. Total earnings would be gross -- are you referring to "gross" or "net".

Q. Before taxes.

A. Gross earnings before expenses are just over \$500 million, but the net earnings just after taxes are this year \$41 million, just over \$41 million; that is, after income tax, of course.

BY MR. SINCLAIR:

Q. You add \$47 million to \$41 million and you have the question put by the commissioner.

A It would be approximately \$75 million, a little over \$75 million; so this would represent about one-sixth, almost one-seventh.

- 164 -

Mr. S.M.Gossage

BY HON. MR. McLAURIN:

Q. One-seventh?

A Of the net earnings before taxes.

BY THE CHAIRMAN:

Q Are you speaking about earnings from rail operations?

A Rail operations, yes, sir.

BY HON. MR. McLAURIN:

Q In connection with the question asked by the chairman, I take it that means you are not including in the \$70 million odd any earnings from C.M.S.?

A No.

BY MR. SINCLAIR:

Q Or steamships or air lines or other activities of the company that are not connected with rail. It is based on the classification of accounts of the Board of Transportation Commissioners, of course, that Mr. Gossage is using. I have a little detail of that, which will be the next item dealing with the Canadian Pacific Railway. Mr. Gossage You have prepared a statement showing for each of the years 1949 through to 1956 railway revenue, railway expenses and net railway operating income, Canadian Pacific Railway?

A That is correct.

Q This is a statement headed "Railway Revenue, Railway Expenses and Net Railway Operating Income (Board's Basis) Canadian Pacific Railway,

Mr. S.M.Gossage

years 1949-1956" This will be Exhibit 16,
Mr.Chairman.

EXHIBIT NO.16: Railway, Revenue, Railway
Expenses and Net Railway
Operating Income (Board's
Basis) Canadian Pacific
Railway, years 1949-56.

Mr. Gossage, first, why did you take that
series of years, 1949-56?

A. That covers the period of the active, intensive
dieselization of Canadian Pacific Railway
from the inception of diesels in road service
to the present time.

Q What other comments have you to make on this?
Is there any significance that you wish to --
particularly wish to draw to the attention
of the commission?

A The relationship between the net railway
operating income and the gross revenue, I
think, is of considerable interest.

Q That is the ratio of the last column to the
second column?

A Yes. These figures are not shown. I can
roughly calculate a few of these figures,
and in this eight year period the highest
percentage that net was to gross was in 1950
when it was just less than 12 per cent.
Now, in 1956 although our gross earnings were
some \$125 million higher, the net was lower
by \$3,500,000 and we were only translating
gross into net at the rate of about eight cents
to the dollar.

Mr.S.M.Gossage

Q Eight per cent?

A Yes that is a little less than the rate which we were making out of gross in 1955, when it was 8.3 per cent, and since 1950 the figure has been just around about that, 8 per cent, except in 1954, 1953 and 1954 was a little lower, with 7 per cent in 1953 and 6.3 per cent in 1954. The average net earned over those eight years was only \$35 million.

Q Now, Mr. Gossage, you prepared a statement showing the comparison of net railway operating income on the Board of Transport basis with requirements as provided under the Board's formula for the Canadian Pacific in the years 1949 to 1956. is that correct?

A Yes.

Q I would ask to have that filed as Exhibit 17.

EXHIBIT NO.17: Comparison of net railway operating income (Board's basis) with "requirements" as per Board's formula Canadian Pacific Railway -- years 1949-56.

Looking at Exhibit 17, Mr. Gossage, maybe you could first explain/^{what}the position of the Canadian Pacific Railway is in regard to revenue rate cases.

A In revenue rate cases, the Canadian Pacific has always been regarded by the Board of Transport Commissioners as the yardstick road.

Q Always, Mr. Gossage, or in recent years?

A I think that goes back a good number of years, but certainly in all recent cases it has been

Mr.S.M.Gossare

the road whose earnings have been considered for the purpose of setting rates.

Q What does the Board's requirement basis consist of?

A The basis that the Board has adopted is to allow a dividend of 4 per cent on the preference stock of the company, all the interest on outstanding fixed debt, and dividend on the common stock outstanding of 5 per cent and a surplus of \$15,235,000.

Q And these various elements total to the figures shown in the second column of Exhibit 17?

A That is right.

Q Has that method of calculating permissible earnings or requirements been accepted as satisfactory by the company?

A No, the company does not think that is a satisfactory method because it does not give any weight to the reinvestment in the undertaking of the company of retained earnings: it only gives weight to investment of money arising from borrowing, or risk money, if it were possible to secure risk money in the present position of the company.

Q Is that issue settled, or is it open, do you know?

A The issue has been presently before the Board of Transport Commissioners.

Q If some recognition was given to retained

Mr.S.M.Gossage

earnings reinvestment in the rail interests of the Canadian Pacific, what effect would that have on the second column?

A It would have the effect of raising that very substantially, raising the permissive level ~~out of~~ ^{at} which earnings of the railway could be regulated.

BY THE CHAIRMAN:

Q Did you say 5 per cent on surplus of \$15 million?

A No, sir, the 5 per cent is on the common stock, and then a surplus of \$15 million.

Q Plus a surplus?

A Yes, that is one -- if earned, that would be a source of retained earnings for reinvestment.

BY MR. SINCLAIR:

Q Now, looking at Exhibit 17, Mr. Gossage, is there any comment you want to make on it?

A Well, the principal comment is that in every year shown there the company has failed to earn at the permissive level set by the Board. The nearest to reaching that permissive level was in 1950 when the earnings fell, the actual net railway operating income fell below the permissive level by about \$1,500,000, which means that additional revenue of some \$2,500,000 would have been necessary to break even because of the effect of income tax. In other years the deficit has been very much more considerable, amounting in 1954 to over \$42 million in revenue before taxes.

Mr. S. M. Gossage

Q I notice that in 1956 the revenue deficiency, which is the figure at the extreme right of Exhibit 17, the last figure, ^{was} / \$15,169,000 ---

A Yes.

Q Have you any comment on that, as to why it is \$15 million in relation to revenue adjustments, and expense adjustments?

A Well, that is, of course, after -- in spite of the freight rate increases that have been authorized during the course of 1956 there is still this very substantial revenue deficiency.

Q Are the wage rates therefore reflected in the expenses that have to be taken off before we get the net railway operating income -- do they reflect all wage increases?

A This would reflect the wage increases that have taken place in 1956, but of course in the settlements in 1956 they were all on a basis of stepped up wage increases.

Q The wage increases ---

A Took place at different intervals during the course of the contract, and there are considerably more wage expenses to be incurred during 1957.

Q What about fringe benefits?

A The health and welfare plan for non-operating employees was not effective during 1956 but has become effective as of January, 1957, with the costs that are associated with it.

Mr. S.M.Gossage

2 I have asked Mr. Gossage, sir and he has
done so, to prepare a statement showing the
rate of return on net investment afforded
by permissive earnings, Board of Transport
Commissioners, as compared with actual return
of the Canadian Pacific Railway, years 1949 to
1 1956, and I would ask to have that filed as
Exhibit 18.

EXHIBIT No.18: Rate of Return on net
Investment afforded by
permissive earnings, Board
of Transport Commissioners,
as compared with actual return
of the Canadian Pacific
Railway, years 1949 to 1946.

S.M. GOSSAGE

Q Looking at Exhibit No. 18, Mr. Gossage, would you please comment on that?

A It compares the rate of the company's returns with the rate of returns that would have resulted if the company had been able to earn to the full permissive level of earning established by the board's formula.

Q That is in column 4?

A Yes, and in column 6 is the actual rate of return that was earned. You will note that in column 4 the figures decrease regressively each year. The reason for that is, of course, that the investment is increasing due to the re-investment of the retained earnings, and that that is not up till now fully reflected in the base for permissive earnings. Therefore the rate of return on the net railway property investment has declined to the extent that earnings have been invested.

Q A decline from 4.66 in 1949 to 3.77 in 1956?

A That is correct.

Q Permissive return on the net investment. What is the net investment as calculated here, Mr. Gossage?

A That is the gross capital investment less depreciation; principally depreciation. I don't think there are any other deductions.

Q Is it in accordance with the board's classification of accounts procedures?

A Yes.

Q And subject to their audits?

A It is subject to their audits and was adjusted in 1956 to reflect their reclassification of accounts.

Q In the increase in net investment, is there any relationship to diesels in these figures, Mr. Gossage?

A The increase in the net investment over this eight-year period, which is nearly \$800 million, does, of course, reflect the very heavy investment in diesel power which took place during that period. It also reflects the other heavy investments, some associated with the introduction of diesel power, such as maintenance facilities, service facilities and investments of other types necessary for increasing the efficiency of the operation of the railway.

HON. MR. MARTINEAU: What was that figure?

THE WITNESS: I said \$800 million -- the difference between \$1,030,000,000 in 1949 in net railway property investment and \$1,310,000,000 in 1956. That gives a difference of approximately \$800 million.

MR. HUGHES: I don't follow that arithmetic.

MR. SINCLAIR: Are you taking gross or net?

THE WITNESS: Excuse me, I should have said \$280,000,000. My arithmetic is quite wrong. I was looking at the thirty and the ten. It is

\$280,000,000.

BY MR. SINCLAIR:

Q Net investment?

A Net railway property investment. The increase from the beginning of 1939 was a little over \$300 million.

Q You show, in Exhibit 18, in the last column, the actual rate of return on net investment to the C.P.R. company for those years. You have made certain comparisons of that with other industrial enterprises and have prepared a statement, have you not, Mr. Gossage?

A That is correct.

Q It is entitled "Rate of Return on Investment, Canadian Pacific Railway, compared with other industry, year 1954?" Why have you taken the year 1954?

A This is compiled from figures that were prepared by the Bank of Canada, and the last year for which they prepared this study was the year 1954. They have not prepared it for the year 1955.

Q Looking at Exhibit 19 --

EXHIBIT No. 19 -- Rate of Return
on C.P.R. investment compared
with other
industry, 1954.

BY MR. SINCLAIR:

Q Looking at that exhibit, Mr. Gossage, what significance do you wish the Commission to draw

from it?

A The significant point there is that in 1954 the rate of return to Canadian Pacific, 2.1 per cent, was lower than the rate of return enjoyed by any of the industrial groups set up in their study by the Bank of Canada; it was even lower than the primary textile industry which was extremely depressed in that year. That earned a return of 2.8 per cent. If you compare that figure shown on Exhibit 18 for 1956, which was a return on investment of 3.16 for Canadian Pacific, that is still lower than any group shown in this 1954 study except the primary textile companies, and it is only very little different then.

Q What has the general move in the economy been since 1954 in corporate earnings?

A Corporate earnings have been rising, particularly in 1956. Corporate earnings have been substantially better and the rate of return on investment has shown a higher figure in most cases.

Q I wish to turn now to the matter of the competitive status and the competitive life the company is living in and carrying on. Mr. Gossage, you have prepared a statement showing the proportion of transportation of goods performed by the various transportation media in Canada for the same period of years as far as available, 1949 to 1952?

A That is correct.

Q I would like to have that marked Exhibit 20.

EXHIBIT No. 20 -- Proportion of transportation of goods performed by various media, 1949-55, ton-miles by all transportation agencies in Canada.

BY MR. SINCLAIR:

Q Looking at Exhibit 20, Mr. Gossage, it shows in the second column "Revenue Ton-Miles". What is a revenue ton-mile?

A A revenue ton-mile is one ton of freight exclusive of the car in which it is transported -- net weight of the freight carried one mile.

Q Looking at Exhibit 20, is there any particularly significant point on this that you would wish to call directly to the attention of the Commission?

A The main significant factor is the constantly declining proportion of total transportation that is being performed by the railway. Rail freight revenue ton-miles, 1949, performed 67 per cent of the total transportation performed by transportation agencies in Canada.

Q That is shown in the third column of the first block of the exhibit?

A Yes. In 1955 that had declined to 56.3 per cent. Meanwhile highway services have been rising steadily. The right-hand column under the heading "Highway" shows the total percentage of highway business. That rose from 9 per cent in

1949 to 14 per cent in 1955. There was a slight decline between 1954 and 1955 although the value of highway business was still rising, but over the period the transferal of business from rail to highway has been very substantial. Waterways has not maintained its position. It has declined, although not as substantially as rail. But pipe lines in that period have developed from being a very small, insignificant transportation agency into an agency which is performing over 10 per cent of the total transportation business of Canada.

BY THE CHAIRMAN:

Q Would that include both oil and gas?

A It would include both the crude and the products -- quite a volume of products have been transferred from rail or, in some cases, water, to pipe lines.

Q When I said "gas" I meant natural gas.

A Natural gas would not give so much weight.

Q I know, I was just asking you if natural gas was included?

A There were short gas lines. The major gas lines were not in effect in 1955. Of course, there would be shorter lines in effect. I cannot say definitely whether they are included on a ton-mile basis. But the product situation is, of course, important to the railways because that was good earning freight which is being transferred away from

the railways.

HON. MR. MARTINEAU: You are thinking of Portland Montreal interprovincial?

THE WITNESS: Montreal-Toronto is the important one, of course.

BY MR. SINCLAIR:

Q That is a products line rather than a crude line, is it not?

A Yes, products That is the point I was emphasizing.

Q To further show the competitive situation you have prepared a comparison of the index of all industrial production in Canada with rail traffic index excluding products of farms for the years 1949 through to the latest figures available, which are for 1955. Is that correct?

A I have.

MR. SINCLAIR: I would ask that that be marked as Exhibit 21.

EXHIBIT No. 21 -- Comparison of
index of all
industrial pro-
duction with
rail traffic
index, 1949-55.

BY MR. SINCLAIR:

Q This exhibit, Mr. Gossage, is pretty well self-explanatory, but it might be well to point out the significance of it a little bit.

A I would like to explain that the two indices have been shown on the basis 1949 equals 100

for convenience of reference. The index of all industrial production is the index normally based on the 1935-1939 ~~freight~~ ^{average} and that has been translated to a 1949 basis. The point of the comparison is that freight traffic is rising at a substantially lower rate than all industrial production: we are not reflecting by any means fully the advancing production of Canada. Also, the rather substantial increase in the rail freight from 1954 to 1955 which improved the comparison you see in the 1954 rail freight index was only just above the level of 1949 although the production had improved by 22.5 points, but 1955 saw a heavy increase in the movement of iron ore which is a very heavy tonnage commodity; unfortunately, Canadian Pacific, due to geographical factors, does not participate in that traffic and therefore that increase in the index of all freight is not entirely reflected in the C.P. situation.

HON. MR. MARTINEAU: You did not build the Steep Rock spur, is that it?

THE WITNESS: That is right, and we don't get into Knob Lake, either.

BY MR. SINCLAIR:

Q Is there any quick measure of competitive forces affecting rail?

A I have a statement of registration of commercial vehicles which I think is very

significant.

Q That would tie back into the first exhibit we filed on this subject?

A Exhibit No. 20.

Q Exhibit No. 20, the column on the highway.

MR. SINCLAIR: I would ask to have this statement, commercial vehicle registrations in Canada, years 1949 to 1955, inclusive, filed as Exhibit 22.

EXHIBIT No. 22 -- Commercial vehicle registrations in Canada, 1949 to 1955.

BY MR. SINCLAIR:

Q Could we have your comments on Exhibit No. 22?

A I think one comment I should make is with reference to the reason for stressing somewhat this trucking situation. That is competition which hurts the railways peculiarly and severely because of the fact the trucks attack high-rated commodities, commodities that historically have provided surplus earnings to the railways to enable them to provide low-cost mass transportation for primary products. That is why truck competition is so severe and so serious to the railways.

This illustrates the growth in the number of commercial vehicles from 1949 to 1955. The total commercial vehicles increased by 69 per cent, but the vehicles that were in competition with the railways are primarily the intercity trucks, the long-distance trucks, both for hire and private. They have provided most of the competition in those eight years.

Q What is the percentage of increase from 1949 to 1955 in the case of intercity trucking?

A As I said, the increase in commercial is 69 per cent; intercity, for hire, is 107 per cent; intercity, private, is 101 per cent.

Q That is 1955 over 1949?

A Yes. That indicates a continuing increase which carries on into 1954 and 1955. It did not die out because there was an increase between those

years of about 6 per cent in the total; about 8 per cent in the for hire trucks; and 7 per cent in the private intercity trucks. So it is a continuing growth of competition.

MR. SINCLAIR: Mr. Chairman, may I have five minutes to talk with my learned friend?

--- Recess

S.M. GOSSAGE, Recalled

EXAMINED BY MR. SINCLAIR:

Q Mr. Gossage, in the light of the trucking situation you have outlined, what if anything has the Canadian Pacific Railway done to meet the growing competition from other media of transportation?

A One way in which competition has been fought has been in the area of rates. Therefore, over a wide range of traffic it has been necessary to establish competitive rates to meet this specific competition by other carriers and to keep the movement of freight on the rails.

That has extended also to what are known as agreed charges where the contract is made with a shipper by which he guarantees to ship all or a substantial proportion of his freight moving in certain areas or between certain points at rates which are set by the railway in relation to that contract. Those have been successful in retaining to the railway a good

deal of business that has been threatened by the competition of other carriers.

THE CHAIRMAN: On what point are we now, Mr. Sinclair?

MR. SINCLAIR: This is the action of the railway to meet a competitive situation which has been outlined by them. I am setting up the details of a competitive situation and outlining what the railways have done within the scope where they are able to meet that.

THE CHAIRMAN: How do you relate that to any question we have before us?

MR. SINCLAIR: The point I would make is that the railways have been assiduous in meeting the intensified competition with the introduction of new modes of handling business, by rate adjustments. All this of course is reflected in the level of employment in the railway industry and again reflects on the ability of the company to take advantage of ~~logical~~ ^{technological} changes. Here again I take the position that there is \$12 million to be saved and used for the maintenance of the same kind of thing.

THE CHAIRMAN: Even if it were \$10 million it would still be substantial, but are we interested in the details?

MR. SINCLAIR: I am not making the point whether it is \$10 million or \$12 million, although \$2 million is of course extremely important to us. But my point is that the railways are faced with this tremendous change in the climate in which they live and

S.M. Gossage

carry on business, and have had to meet this in various ways.

As I will argue at the conclusion of these proceedings, and as I mentioned in my opening remarks, we have an unusual situation before us in these proceedings whereby the company is prevented by a labour agreement from using technological advances. That is unusual. I am showing the need. I am laying the basis for argument of need for the railways being unfettered by this type of restrictive contract, and putting it in juxtaposition I want to show what we have done.

THE CHAIRMAN: When you speak of the need, do you say that that is involved in the word "required" in the first question?

MR. SINCLAIR: No. I say that the word "required" in the first question, as I mentioned yesterday, means essential or requisite.

THE CHAIRMAN: From an operational standpoint?

MR. SINCLAIR: From an operational standpoint.

THE CHAIRMAN: Then this must be related to question (b).

MR. SINCLAIR: It is related to questions (b) and (c), and also it has an indirect relationship to question no. 2 in this sense that I can show from these exhibits and evidence that a great, great deal of our traffic, as will appear from an exhibit I will be presenting in a few minutes, is low rated, slow moving traffic on which a delay of a few minutes, if we wish to take that delay, is not a matter that would concern operations.

For example, if I may state it now, I will, with your permission, introduce through this witness an exhibit showing the situation with respect to grain. Grain moves in bulk and delay of a grain train is not --

THE CHAIRMAN: What is the relevance of delay?

MR. SINCLAIR: The relevance of delay? I am thinking of what my friend said in his opening. I can quite understand your ~~statement~~, Mr. Chairman, that a union would be concerned with delay or efficiency, but he has said that is one of the matters he is concerned with and

I have heard it before. I look on it with a kind of slanted eye, shall I say, but nevertheless I am prepared to meet it, my friend having said he is going to direct evidence to it.

THE CHAIRMAN: Mr. Lewis said that one of his bases or interests in retaining firemen was safety and the other is in speeding up traffic.

MR. SINCLAIR: Efficiency, as he put it, such as speeding up traffic.

THE CHAIRMAN: I see. Well, all right.

BY MR. SINCLAIR:

Q I was asking you, Mr. Gossage, about the counter measures of the railways. You mentioned, I think, rate adjustments. What about service adjustments?

A In regard to service, one of the -- apart from maintaining and increasing the general level of service, one of the major changes, new factors, has been the introduction of piggyback which was introduced originally between Montreal, Toronto and Hamilton in the east. That area has been extended, and in the west the Canadian Pacific has introduced quite a considerable volume of piggyback operations designed to meet the competition of highway carriers.

Q When you say "piggyback", what do you mean by that?

A Piggyback is the carriage of highway trailers

on flatcars so that the over the road portion of the movement, what in a trucking sense you call over the road, is performed by rail and then the trailer is unloaded from the flatcar at destination and taken by a tractor to its final unloading point which may be right at that point or may involve a further over the road movement.

Q That is dealing with freight traffic?

A Yes.

Q Now, you have prepared a statement showing revenue, revenue ton miles and revenue per ton per mile, statutory and related rates on grain and grain products in western Canada. I would ask to have that marked as exhibit 23.

A That is correct.

EXHIBIT NO. 23 -- Revenue,
revenue ton
miles and re-
venue per ton
per mile
statutory and
related rates
on grain and
grain products
in western Canada.
Q

Q Looking at exhibit 23 -- by the way when we are talking about statutory and related grain rates, just for the information of the Commission what is that?

A Those are the rates that are applied on grain and grain products moving from western Canada to Fort William, Ontario, and to Vancouver for export.

Q. When they are statutory what does that mean?

A They are covered by a clause in the Railway Act which provides that their level shall not be changed without -- it would require action of parliament to change their level. They are not within the jurisdiction of the Board of Transport Commissioners to change the level.

Q What is the average revenue per ton per mile on that traffic?

A On the statutory grain it is as is shown on exhibit 23 in the sixth column -- it is shown as 52 cents -- .52 cents per ton per mile over the eight year average.

MR. LEWIS: That was wishful thinking.

THE WITNESS: It was. That compares with a revenue per ton per mile for all freight traffic on Canadian Pacific shown in the fourth column of 1.36 cents. In other words, grain is carried at between one-half and one-third of the average rate on all traffic, and you will observe in the last column on the right hand side that over that eight year period in physical volume, in ton miles, grain represented almost exactly one-quarter of the total transportation business, freight business, performed by Canadian Pacific.

BY HON. MR. McLAURIN:

Q That is the Crowsnest Pass agreement?

A Yes.

HON. MR. McLAURIN: You are not going to invite us to repeal that?

MR. SINCLAIR: If you had jurisdiction I would be glad to present it to you.

HON. MR. McLAURIN: As a westerner I might not be too much in favour.

MR. SINCLAIR: I am not going to ask you to repeal it or to recommend its repeal, much as I should like to and much as I think my friend would support me too.

BY MR. SINCLAIR:

Q Have you any other comment on this exhibit?

A Yes. The significant feature in this exhibit is in the bottom part of it where the average revenue per ton per mile has been summarized, and what I have done there is I have shown the revenue for all traffic and the revenue on statutory and related grain rates and then by taking the tonnage and the earnings on grain from the revenue and revenue ton miles figures I have arrived at a figure for all other traffic. The reason for doing that is that grain volume, of course, varies with crop and market conditions, and being such a large portion of the total business of the company the revenue per ton per mile on all traffic can vary quite considerably due to variations in the grain market. The revenue on all other traffic, excepting grain, reflects more accurately the changes in rates due to the competitive

conditions that the company faces.

Q What significance do you draw from the trend of the figures?

A Well, you will note that from 1949 to 1953 the revenue per ton per mile on all other traffic rose considerably. That was a period in which a number of freight rate increases were authorized by the Board of Transport Commissioners. In particular, there was a big rise from 1952 to 1953 when there were two freight rate increases which were related both to the level of earnings of the company and to the wage increases which were authorized which were made by agreement, settlements reached with the employees late in 1952 and early in 1953. Now, since 1953 there has been a progressive decline in that revenue. There has been no change in the authorized level of freight rates except an upward change in 1956, but the revenue has been declining steadily. In other words, competitive factors have been eroding the freight rate structure. That has resulted in the fact that the revenue in 1956 is exactly the same as it was or it is only a tenth of a mill different from what it was in 1952, although in the interim there was an increase in 1953 of 9 per cent and then 7 per cent on top of that and then in 1956, half way through 1956, there was a further increase of 7 per cent and there are also increases in United States rates

which affect certain of the traffic of the company.

Q So since 1953 there have been general rate increases that are reflected in the revenue per ton per mile of what percentage?

A Oh, that would come to around 25 per cent.

Q And yet you say that the average revenue per ton per mile has remained approximately constant?

A I think that perhaps the change from 1955 to 1956 is quite notable. In spite of the increase in United States rates in, I think, February of 1956 and in Canadian rates in July of 1956 there was actually a decline in the average revenue per ton per mile of all other traffic, excluding grain. It fell from 1.70 to 1.68.

Q Turning to passenger traffic, which is another aspect of railway operations, what is the situation with regard to passenger traffic, Mr. Gossage?

A The situation with regard to passenger traffic is that it is primarily a loss service under present conditions. We are sustaining an out-of-pocket loss in the operation of the passenger service.

Q What does an out-of-pocket loss mean?

A That means that it is defined -- we define it as long term out-of-pocket costs, that is, expenses which are in the long term variable with the volume of traffic and not expenses which are fixed

in relation to the traffic. They are the expenses that vary with any fluctuations in volume.

Q Has Canadian Pacific been able to increase passenger fares or has it applied for increases in passenger fares?

A The last increase in passenger fares on a general basis was 1949, and since then it has been the considered opinion of the officers that in the conditions existing from time to time an increase in these fares would result in a loss rather than a gain in net revenue.

Q Are the company officers constantly watching for the opportunity to increase passenger fares?

A They certainly are and that is kept constantly under review to see if the situation would allow an increase in fares that would result in some increase in the net to the company.

Q What is the over-all policy of the company with regard to passenger trains and what has the trend been in recent years?

A The trend has been to try to build up those services in which there is hope of meeting operating costs of the trains or perhaps getting a little net towards offsetting other losses, and of being able to dispense with services which are unprofitable and loss services where that can be done, where permission can be obtained and where the communities involved are not left

without transportation service of some nature.

Q Have there been substantial reductions in passenger train miles?

A There has been a considerable reduction in passenger train miles. There has been, of course, a loss of passenger business on that account but that has been offset by new business brought to more profitable trains by the rather large investment in new equipment for such trains.

Q With regard to the whole aspect of the competitive situation and costs, can you summarize it shortly for the Commission?

A I think that a summary of that might be that the company is caught between the millstones of competitive agencies of transportation and the impossibility of increasing revenues -- excuse me, competitive agents of transportation which make it impossible to increase rates on competitive traffic, on major portions of traffic, and the increase in expenses that we are facing from the continual rise in wage and material costs. I would say our costs are rising and our revenue is held down by the competition of other agencies of transportation.

Q And to maintain the Canadian Pacific rail enterprise, what in your opinion is the solution?

Mr. S.M.Gossage

A The only solution is to cut costs, to reduce costs wherever those cuts would be justified by service rendered so that our rates may be kept competitive with our competitors, so that we may continue to secure the proportion of traffic we are securing and if possible improve our position and secure a larger share of traffic which should economically move by rail transport.

Q In the railway business is labour costs a high or low proportion of your costs?

A Labour costs in the railway business under present conditions represent approximately half of the revenue we take in; approximately half of our operating revenue; approximately 50 per cent of our operating revenue is taken up in wage costs.

BY THE CHAIRMAN:

Q Gross or net?

A Gross operating revenue, sir.

BY MR. SINCLAIR:

Q Has the Canadian Pacific, as a result of technological progress since, say 1949, been able to cut costs by displacing some of those workers?

A Canadian Pacific has had to cut costs in that way in many aspects of its business, ¹ which ~~is~~ ~~one that~~ is closely related to our present issue, namely, the effect of the diesel on expenditures on maintenance of equipment.

Q You have prepared a statement showing the number of employees in various classifications for the



Mr. S. M. Gossage

years 1949 to 1952 and 1955 and the relation of traffic volume in gross ton miles.

A That is right.

Q I would ask to have that filed as Exhibit 24.

EXHIBIT NO. 24° Statement showing number of employees in various classifications for the years 1949 to 1952 and 1955 and the relation of traffic volume in gross ton miles.

Look at Exhibit No. 24, Mr. Gossage, please and comment on it.

A This is just to indicate the type of changes that have taken place in maintenance of equipment. In 1949 the total of all maintenance and equipment employees was 18,182 and we were doing a business of nearly 70 billion gross ton miles.

Q 69.5?

A Yes.

Q As shown in the last line of the second column?

A At that time we were working a 48-hour week, 44 in the shop and 48 in other branches of the service. In 1952 when we performed 78 million gross ton miles our maintenance of equipment was up to 21,654. That was partly a reflection of rising volume of business, largely it reflected the effect of the 40-hour week in increasing the number of employees. Now, with the growth of the diesel and with the economies in maintenance of motive power introduced by the diesel, made possible by the diesel, by 1955, with a volume of business

Mr. S. F. Gossage

in gross ton miles very nearly the same as 1949, a little more than 1 per cent higher, our employees were down just below the level of 1949, 18,147, in spite of the difference in the working week.

Q You are on a 40-hour week, Mr. Gossage?

A They are all now on a 40-hour week. Now, I think it is significant to show --

Q On large sections of the employees it would be 20 per cent and on other sections 10 per cent?

A Yes.

Q The back shop employees, which represent almost half of the total, would have a reduction of 10 per cent in hours and on the other, the running forces would have a reduction of 20 per cent in hours.

Q How were you able -- ^{are} /blacksmiths and boiler makers and such people covered by labour agreements?

A They are all covered by labour agreements. I have shown these particular trades in the upper part because they are trades that are affected particularly by the diesel, and I wanted to bring out how they had been affected. You see that the blacksmiths comparing 1949 with 1955 are down by 80 out of a total of 277° in other words, they have been cut by almost one-third.

Q Thirty-three per cent?

A Boiler makers are down by 171 out of 564,

Mr. Gossage

which would be -- well, it is not quite a third -- about 30 per cent, and your machinists are down by 243, which would be about 10 per cent, or a little above, about 12 per cent, possibly.

Q There has been an increase in electrical workers?

A Yes, because diesel requires electrical workers.

Q Are these various trades, covered by a labour agreement?

A They are all covered by labour agreements.

Q How were you able to reduce them? Did you have to have negotiations with the union?

A No; the forces have always been adjusted in accordance with the work to be performed. The men have exercised their seniority where necessary or possible. Men have been transferred from a point where work was not available to a point where work was available, and the company has tried to make the transitions as easy as possible, but it has not been restricted in the labour agreement from adjusting those forces to the work that was usefully to be performed.

Q Now, as a result of the advancing technology in outside industry, can you give the Commission any information as to the effect on the numbers of those employed in outside industry? Can you give any examples?

A Oh, well, of course, changing technology in industry has been going on very rapidly in areas since the war, and particularly in the

Mr.S.M.Gossage

automobile business there has been remarkable reductions in the labour requirement per unit of output, and, of course, that labour has been transferred to other types of work not necessarily in the same undertaking, where it could be usefully employed, as is shown by the present state of what you might say is full employment in Canada.

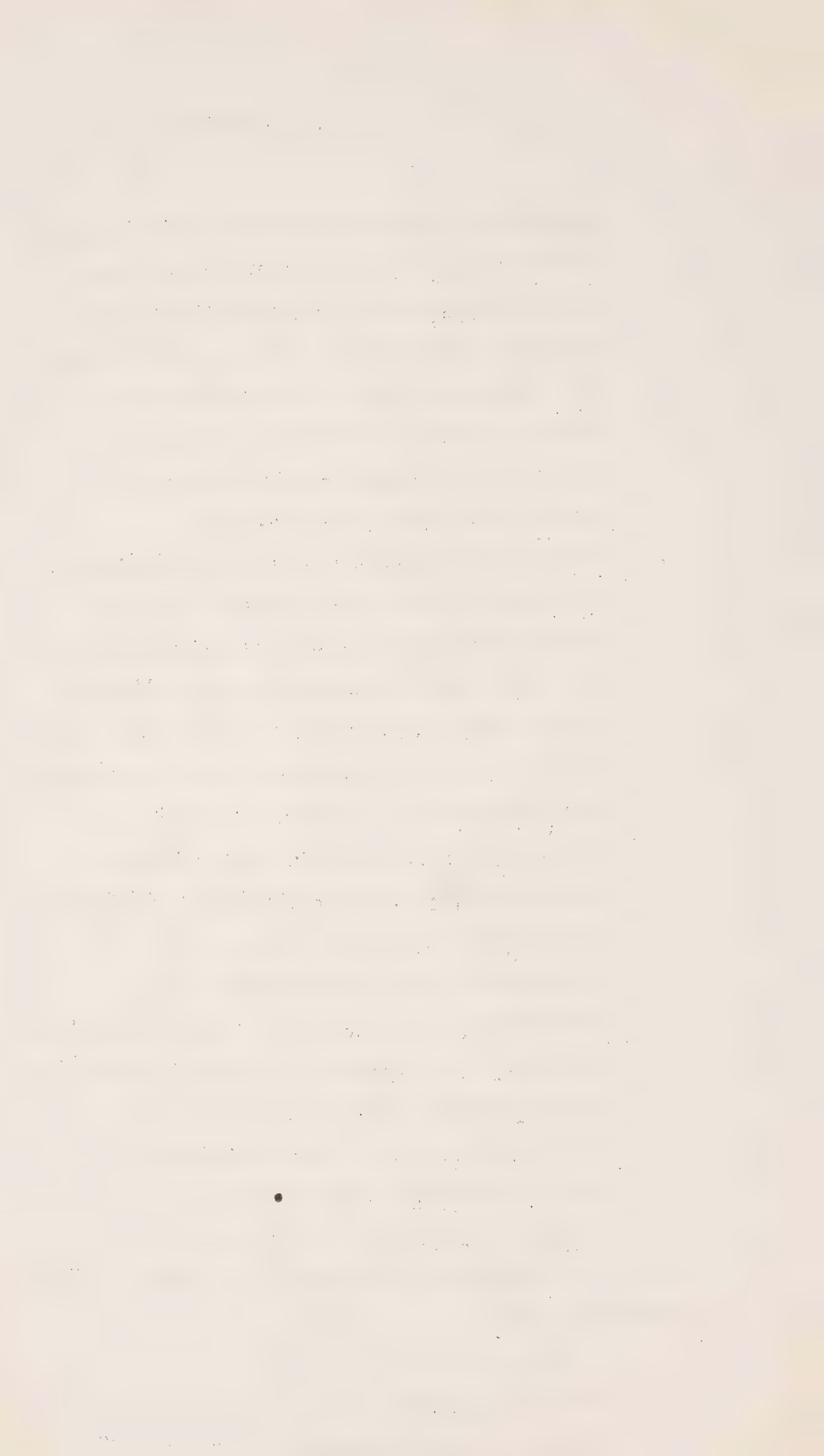
Q Take another aspect; take the farm industry.

A The effect of the farm industry has been very interesting because the mechanization of farming and the change in the techniques of the use of machinery in farming have over a period of number of years been reducing the farm population. I think that last year it is estimated that while farm production rose from ¹⁹⁵⁵~~1945~~ the farm population decreased by some 80,000 people; that is, people were transferred into the industrial working force where their productivity was higher and, of course, as a result of that the productivity of the people on the farm was higher and with benefits to both the farm population and to Canada as a whole through the increasing productivity per capita.

MR.SINCLAIR: Thank you, Mr. Gossage. Please answer my friend.

Mr. MR. LEWIS:

Q First, Mr. Gossage, you drew the commission's attention to the exception in what has been



Mr. Gossage

called the diesel rule, as I remember from memory you referred to section 11 (1)(f)?

A 11(f)(1).

Q The exception there being diesel engines of 90,000 pounds weight on drivers and below?

A Yes.

Q Did you, at the end of 1948, have any such engines?

A I think I stated that we did not have any such engines.

Q I think you also stated that you have just received delivery of two units of that size.

A That is correct.

Q Do you know what the weight of each of the units you have received delivery of is?

A I believe that the weight of one of them was -- I cannot say what the other is, though it should be the same -- but one of them I know was weighed and my recollection is it was 88,480 pounds fully equipped for service. I am speaking from memory, but that is my recollection of the pick up.

BY THE CHAIRMAN:

Q That is the first type you have two of that type.

A Yes.

BY MR. LEWIS:

Q Mr. Gossage, I have not got the transcript before me, and if I am unfair to you in my

Mr.S.M.Gossage

note and in my memory you correct me, but I have made two notes which contradict each other. In one you said that you had just received delivery of these two engines and are experimenting with them, and in another note you said they are being operated in general yard service. Are my notes right?

A I think they are both correct. You see those units were taken to Montreal .
~~after~~^{for} what I think is described as a shakedown, getting them ~~into direction~~^{introduction} in the service, and the experimental use of the unit was to put it into general yard service that was the experimental use. It is not designed for general service in Montreal terminals. It was designed for other points where the demands are not so wide as they are normally in Montreal, but naturally we want to find out about a new type of locomotive, get its capabilities, and it is therefore at the moment being operated in, as I say, general yard service, so that it is actually working in what is known as a pull down job in the St.Luc yard where it is being tried out and where we are gaining information as to its range of capabilities.

Q Yes; roughly, when did you receive delivery of these two units?

A Well, I think they reached Montreal on Sunday, Saturday night, I think, but when the delivery

Mr. S. M. Gossage

was made at Kingston I can't say accurately:
I presume probably about Friday or Saturday,
Friday probably.

Q I think you said that they just started
operating yesterday?

A That is correct.

Q That is what you said on the day that you
were giving evidence.

A That is correct.

Q Mr. Gossage, as you know, I do not like even
to suggest offensiveness in questions, but
you really were not in a position yesterday
to say that they were operating in general
yard service. You just started that
yesterday.

A Well, I think the pull down job was properly
described as general yard service.

Q Would you describe what that is?

A ~~Just in the job of kicking on a lead to test~~
~~the general --~~ *Not in the job of switching on a lead but*

Q What kind of a job is a pull down job?

A The cars in the classification yard at
St. Luc come off the hump and are ~~dragged~~ ^{dropped}
into the classification yard where the cars
are separated for various destinations.

After going over the hump and after being
~~dragged~~ ^{dropped} into the proper tracks, it is then
necessary to move those cars to the
departure yard for the formation of trains
for various destinations, and it would be

Mr. S.M.Gossage

necessary to double over from one track to another until you have sufficient cars to make the pull down that you want to move down for that train. Those cars are just pulled down to the departure yard, and then the engine cuts off and goes back and starts work again but it will be doubling over and pulling down.

Q And as far as you knew yesterday, this is the job it was starting?

A That is correct.

Q This is the job that was started by these engines.

A Started by these engines.

Q I suppose your company made inquiries as to what this type of engine could in fact accomplish before it was bought.

A Oh, yes, there is experience with this type of engine in other countries, which is available and naturally when you are designing, when you are accepting a new type of motive power you get a pretty good idea of what it is capable of doing.

Q Am I right in suggesting to you that this 90,000 pound or less on drivers is an engine that has very limited use even in yard service?

A Well, I think I am speaking from the information we have from a very short period, but I think this rather surprised us with its capabilities.

Q By short period you mean one day?

A I know as a fact that it has proved capable of

Mr.S.M.Gossage

handling a pull down of something over 60
cars in a drag which is very satisfactory.

Q That is what it did yesterday?

A Yes.

Q How do you find that out? I am just curious.

A Naturally everyone is extremely interested
in the performance of a new type of motive
power.

Q. What is the average weight on drivers of your other diesel engines?

A. I think the yard diesels run around -- and here again I am speaking from memory so you will have to excuse me if I am not quite correct -- 180,000 pounds. No, I should say that yard diesels are over 200,000 pounds, and road diesels normally run just over 250,000 -- they vary from just under 250,000 to something just over that, for a single unit.

Q. The next point I would like to draw your attention to, M . Gossage, and ask you to help me on, if you will is this: you told us that in 1948 you had experience with diesels only in yard service?

A. That is correct.

Q. Have you any idea how many diesel engines you had by 1948?

A. I could not tell you off hand. It would be of the order of I think perhaps 20 -- something around that. I would have to check the figure; I do not have it in my head.

Q. You also said that a few of these engines in the yards had been run without a fireman, and in some cases with a fireman?

A. That is what I said, yes.

Q. Can you tell me how many of these engines were run without firemen?

A. I could not give you an accurate figure, but I do know that the first experimental diesel

that we had was run for quite a time without a fireman. Then it was operated with a fireman on certain shifts, and without a fireman on certain shifts. Then there were certain territories where the diesels were operated without a fireman, and there were certain territories where they were operated with a fireman at different times. I can't give you the exact details, but that is the general picture.

Q. Mr. Gossage, I am sorry to press you, but I think in this case it is important to know the exact details. For example, in what cities did you have diesel engines in yard service in those years?

A. As far as my knowledge goes, Montreal and Toronto is where they were operated without firemen.

Q. I assumed it was Montreal ...

A. Montreal and Toronto.

Q. I don't know whether you said so, but as to this experimental engine you were talking about that was in Montreal?

A. The first engine?

Q. Yes, the first engine?

A. I am not sure that it did not operate elsewhere. It may have operated in Toronto as well, but at any rate most of its service was in Montreal. I would not want to guarantee that it stayed in Montreal; I think it was moved around for

certain experiments.

Q. That started in Montreal in what year, about 1937?

A. I think 1937 was the year the first one came to us.

THE CHAIRMAN: I thought you were talking about 1948.

MR. LEWIS: These are the years before 1948. Perhaps, Mr. Chairman, I should say before and including 1948.

THE CHAIRMAN: I must be wrong. I had in mind the first delivery of diesels was in 1948.

MR. LEWIS: No; perhaps I ought to ask about that. I am sure that is not what the witness intended.

MR. SINCLAIR: And that is not what he said.

THE CHAIRMAN: It is my fault, Mr. Sinclair.

MR. LEWIS: It is not what he said.

Do not get excited, Mr. Sinclair.

MR. SINCLAIR: I am not getting excited; I am just holding the line.

BY MR. LEWIS:

Q. Now, Mr. Gossage, let us go through that.

You have told us that your first experimental engine, as I understand it, was in 1937?

A. That is correct.

Q. And it worked in Montreal at least?

A. Certainly the major portion of its service was in Montreal.

Q. At one or more yards, or do you know?

A. I couldn't say definitely. I think probably in more than one, although at the time I knew it, it was working in one yard. It was used for movements between two yards; it worked at Mile End, and it was used to bring cars from Outremont.

Q. And it was run without a fireman?

A. It was run without a fireman. The pattern differed I believe at different times. I know it was run without a fireman on the day shift, and for some periods it was worked with a fireman at night. I cannot give you any detailed run-down on that.

Q. I also gather, and you will correct me if I am wrong, that as the first gadget of this sort -- if you can call a big machine like this a gadget-- you had considerable trouble with that particular diesel?

A. I think one of the troubles was that it was not a machine originally designed for that purpose, as a switcher engine. It was a marriage -- I think it was a marine engine, with the framework, chassis and motor built up for switching, and that did not prove a satisfactory arrangement.

Q. What was the next year in which you took delivery of diesel engines?

A. The first delivery of yard diesels apart from this one experimental engine was in 1943.

Q. You told me already that you did not know just what number that was?

A. I happen to remember that it was five yard switchers. I am speaking from memory, and not having refreshed my memory on these figures, but I do remember the first order.

Q. Did you get any in 1944?

A. To the best of my knowledge, no.

Q. Did you obtain delivery of new diesel engines in 1945?

A. To the best of my knowledge we did obtain a further order of yard engines.

Q. Do you remember how many?

A. I think it was five, but I could not be quoted on that.

Q. If you are on the record, Mr. Gossage, you are likely to be quoted, but you are not sure of the number?

A. Exactly.

MR. SINCLAIR: If it is important I will get the run-down for my friend, if he wishes to have it.

MR. LEWIS: Mr. Chairman, I appreciate that Mr. Gossage is not an operational man, and that there may be other witnesses who are perhaps more qualified in the operational sense, but Mr. Gossage made a statement and it is on the record, and I think I have to test that statement.

BY MR. LEWIS:

Q. Then in 1946 did you obtain any yard switchers?



A. That I could not say for certain. My impression is we did, but I cannot provide you with any information on that.

Q. And in 1947?

A. Again, I cannot say definitely. I think that there was a further order in 1947.

Q. And in 1948?

A. In 1948 I am pretty sure we received another order of yard switchers.

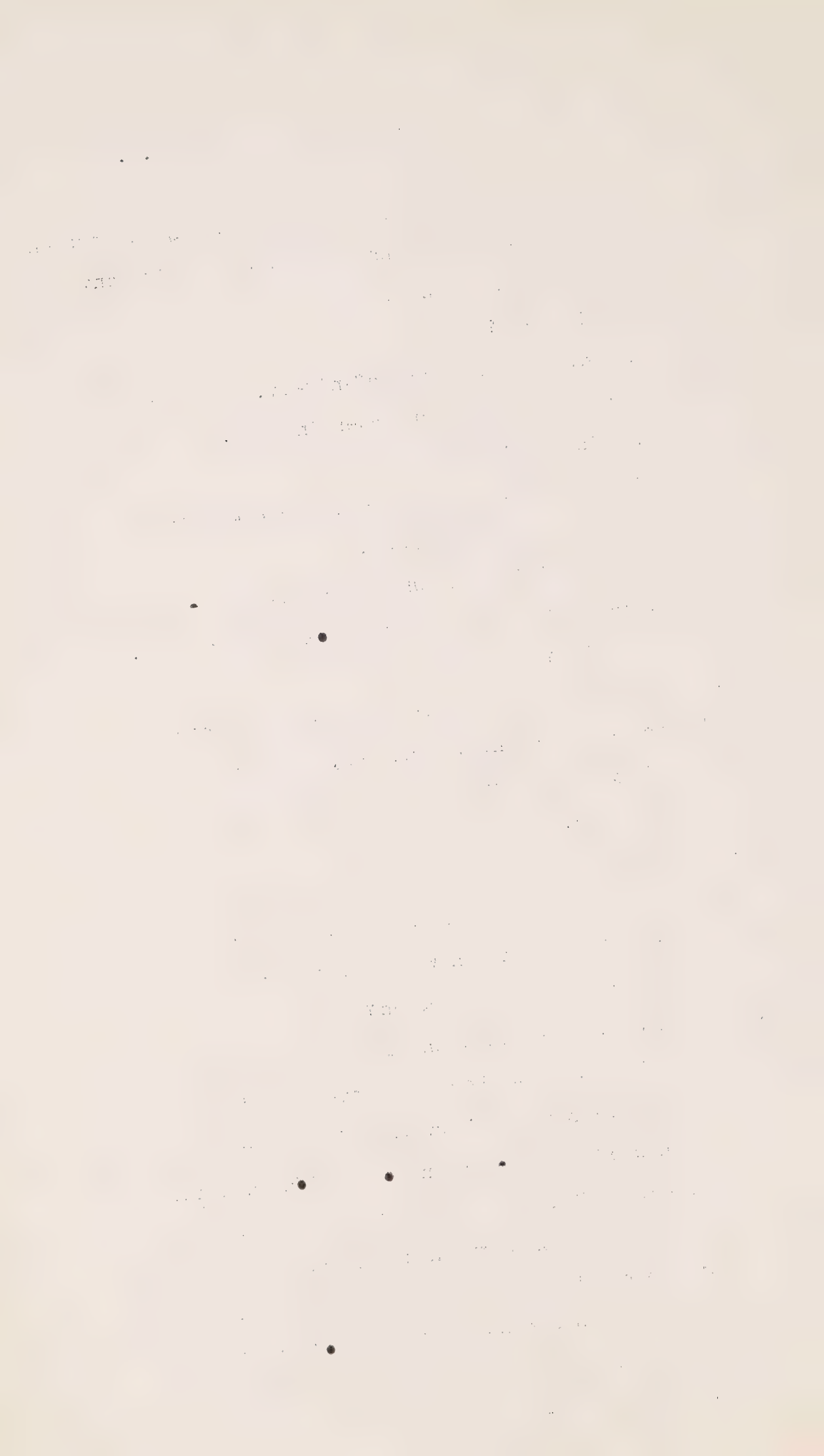
Q. In what cities and what yards were they working on over the whole period from 1943 to 1948, inclusive?

A. In that period the diesels were assigned to Montreal, Toronto, Winnipeg, I think Calgary, and by 1948 I know there were diesels in Vancouver.

Q. Mr. Gossage, in addition to the diesels you have already mentioned, the one in 1937, which other diesels and in which of these yards were they run without a fireman?

A. As I say, I believe, and I cannot state this positively, that there was some operation in Toronto without a fireman. To the best of my knowledge there was no operation in Winnipeg, Calgary or Vancouver without a fireman.

Q. If I tell you that my instructions are that outside of this diesel in 1937 there was no diesel engine either in Toronto or in Montreal run without a fireman during those years I have mentioned --



A. My knowledge is positive that your instructions are wrong.

Q. That is what I wanted to know.

THE CHAIRMAN: Mr. Lewis, when did the diesel rule originate?

MR. LEWIS: As the witness I think informed us yesterday, it came into the collective agreement which became effective January 1, 1949, and was signed, if I remember correctly, on December 21, 1948.

THE WITNESS: That is right.

MR. LEWIS: On a notice to amend the agreement which was given by the union to the company on November 15, 1947.

BY MR. LEWIS:

Q. Is that correct, M. Gossage?

A. That is correct.

Q. Have you any idea what diesel engines the company operated in yards between 1943 and 1948 inclusive, which were run without a fireman?

A. I could give you no estimate on that at all.

Q. Do you have any idea whether it would be a very small proportion or a very large proportion?

A. I would not consider it to be a large proportion; one of the reasons of course being that these engines were being put on different assignments - many of them would be changed around in the yard to find the most suitable service. Officers were gaining experience with them and that made

it less likely that they would be working on regular assignments which might have changed in the light of knowledge then available which, as I have said, was not then very large, but they had been successful in that operations could be carried on reasonably without a fireman.

BY THE CHAIRMAN:

Q. During this period, or at the end of it, you had only some 20 engines?

A. I am speaking purely from a guess, but it was of that order; it might have been between 20 and 30.

BY MR. LEWIS:

Q. That is your memory?

A. Yes. I would be glad to check that figure and see what it is.

THE CHAIRMAN: If the information is relevant it should be accurate.

MR. LEWIS: Yes, Mr. Chairman. I would like to ask these questions of the witness, because we should have a breakdown of engines in service from 1943 to 1948 inclusive, as well as the engines which the witness says were worked without a fireman, and for what shifts, if they were worked one shift one way and another shift the other way.

THE CHAIRMAN: I suppose that could be obtained, Mr. Sinclair?

MR. SINCLAIR: I do not know how quickly my friend wants it. I will get him what information

is readily available, and if it takes longer to get the information with respect to shifts or something like that, I will get it as soon as I can.

MR. LEWIS: My learned friend will get it for the Commission, not for me.

MR. SINCLAIR: I thought my friend wanted to cross-examine on it. I will file it.

THE CHAIRMAN: You will get it, anyway.

MR. SINCLAIR: I will file it with the Commission.

BY MR. LEWIS:

Q. Throughout that period there was no requirement in any collective agreement that you use firemen on any diesel engine?

A. No. That is correct.

Q. You stated yesterday, Mr. Gossage, that after all these years it became apparent to the officers of the company all over the system that the diesels could be operated successfully without a fireman?

A. May I say I stated after the years between 1949 and the present. I did not refer back previous to that. I did not say all these years.

Q. Between 1949 and the present time?

A. Yes.

Q. How did you know that?

A. Well, I have been participating in the preparation of all the negotiations leading

up to this case, and as labour relations man I was advised by numerous people in the operating department as to their opinion on the advisability and propriety of operating diesels without firemen.

Q. When was the first time you were given that advice?

A. That has been a matter of discussion at different times, but in relation to this case it was prepared some time very early in 1956. We were actually working on the preparation of the form of notice to be given to the employees when the agreement was open for notice.

Q. You say early in 1956 you were working on the preparation of a notice to the union?

A. Yes.

Q. Who was, your department?

A. Yes, and the operating department - the officers advising the department.

Q. And may I ask you who were the operating officers who advised you on the drafting of that particular amendment relating to diesels?

A. Before any notice would be served on the employees you must remember that the Labour Relations Department is a staff, or an advisory department, and it consults with the responsible operating officers, who are the vice-presidents of the three regions. A suggestion might be made to them or they might be asked for a suggestion. Frankly,

I cannot say from recollection which it was.
But they would be asked if they concurred in
a notice being served on the employees for
this purpose, and probably later in this
particular form.

Q. I am interested in that. You say you would
ask the three operating vice-presidents whether
they would concur in a notice in this matter?

A. I tell you I cannot recall whether the original
suggestion in this particular instance came
from our department writing to them and saying
in effect: do you think we should at this
time make this proposal; or whether in asking
them what proposal they had in mind they said
that this was their proposal. I could not tell
you off hand which it was.

Q. But as far as your statement yesterday is
concerned, you said the officers all over the
system -- and as far as your own contact goes
that was the three operating vice-presidents...?

A. Since that time I have had occasion to talk to a number
of officers and have found universal support for
this. Of course at the time the action is the
responsibility of the operating officers under
whose direction the Labour Relations Department
works; but since that time I have certainly had an
opportunity to talk to a number of officers, and
have found that their opinions are consistent and
unanimous on this subject.

Q. Do I now understand your evidence correctly to be that when the notice was sent in Feburary, 1956 -- is that correct?

A. Yes.

Q. -- you had had the opinion of the three operating vice-presidents, but that since then you have also discussed this matter with other officers of the company?

A. You are talking of my situation personally?

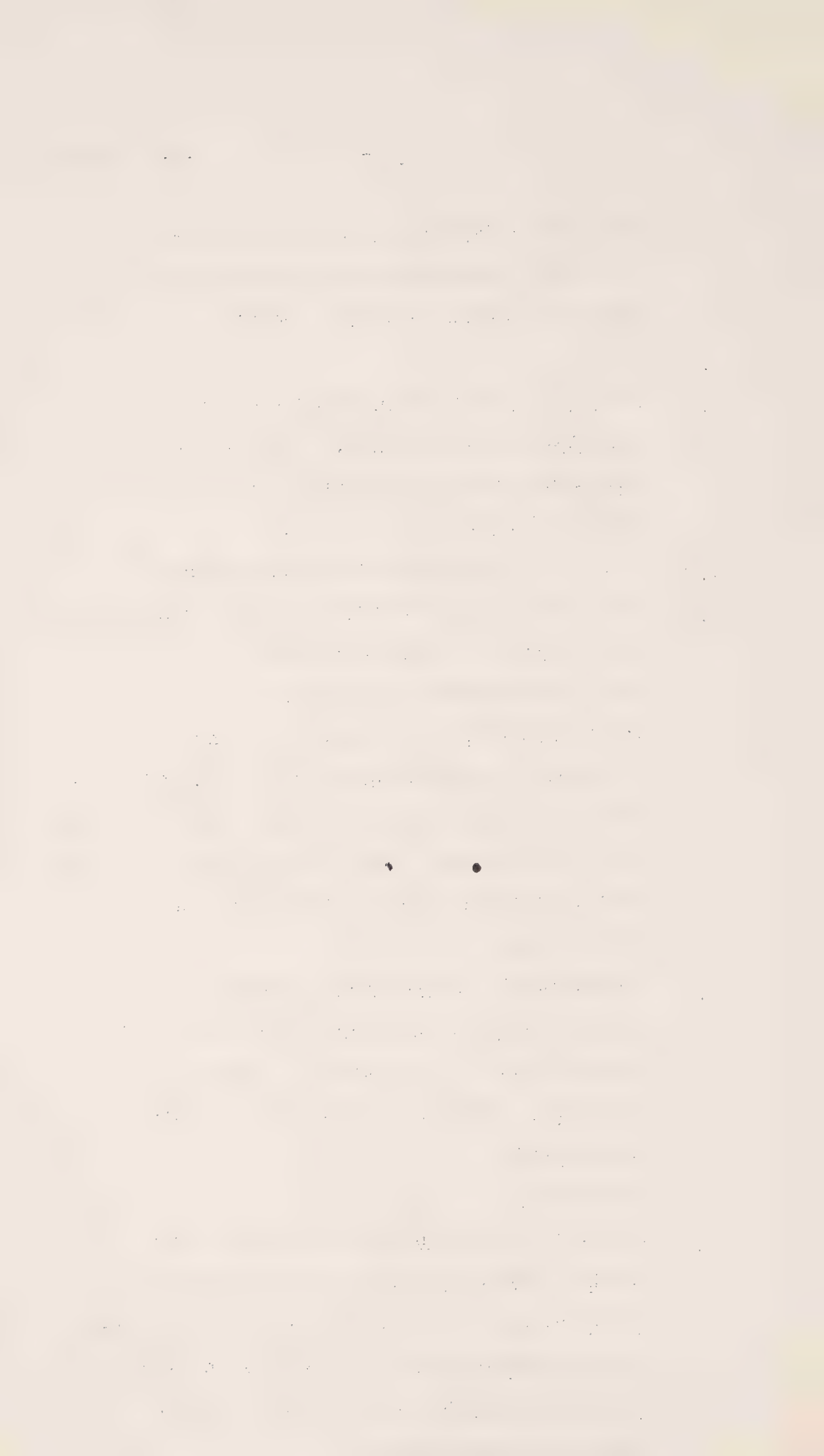
Q. Well, you are in the witness stand giving your own evidence from your knowledge?

A. That is my personal situation. Naturally in any operation the labour relations officer is guided by the responsible operating officer, who is presumed to reflect their views and have the concurrence of their own operating officers. That is a matter that a staff department must assume.

Q. I presume it does not matter whether you assume that that represents the view of the others or not. If they tell you what they want, you have to take it into consideration?

A. Definitely.

Q. Whatever the explanation, as far as your evidence goes, and as far as your knowledge is concerned, in February, 1956 you had talked to the three operating vice-presidents, and only since then you have talked to other officers of the company?



A. I would know from personal contact when I have been moving around the line that there was an opinion, but I could not say that I knew it from many people, because it is not a matter that I had occasion to discuss at that time with many people. When you say discussed with the three vice-presidents, that includes correspondence of course; that is the normal way it is done in a big organization.

Q. Inter-office memoranda, I presume?

A. Yes sir.

THE CHAIRMAN: We will rise now.

--- The Commission adjourned at 12.30 p.m.
until 2 p.m.

Tuesday,

March 5, 1957

AFTERNOON SESSION

---The Commission resumed at 2.00 p.m.

S. M. GOSSAGE, recalled

EXAMINED BY MR. LEWIS:

Q. Mr. Gossage, we were at the point of discussing the information you got from certain officers of the Company relating to the amendment you proposed to the Brotherhood last February, I think you said. That is the amendment to do away -- if I may use it briefly -- with helpers on diesel engines in freight and yard service. I suppose as Manager of Labour Relations -- have I got the right title? -- you are in touch with what happens in the case of the American railways? You keep in touch.

A. Certainly.

Q. And am I right in suggesting to you, Mr. Gossage, that roughly about a month before you did so in Canada, the first-class railways in the United States gave the Brotherhood their similar notice?

A. You are quite correct.

Q. In fact, Mr. Gossage, am I right in saying that the notice which they gave was actually word for word the same as the notice you gave the Brotherhood here?

A. No, that would not be correct.

Q. What were the differences?

A. In the Canadian notice, from our study of the

matter, we felt that a new rate should be established for men that might be retained on diesel locomotives on passenger service that would be commensurate with the service required, and we proposed a rate in relation to the then existing rate of \$7.00 per day. That was a proposal that was quite different from the proposal made in the United States.

Q. Right, Mr. Gossage. It was my fault. In respect of that part of the proposal which dealt with the elimination of firemen from diesel engines in freight and yard service, in respect to that part of the proposal, am I right in suggesting that was word for word the same?

A. You are quite right.

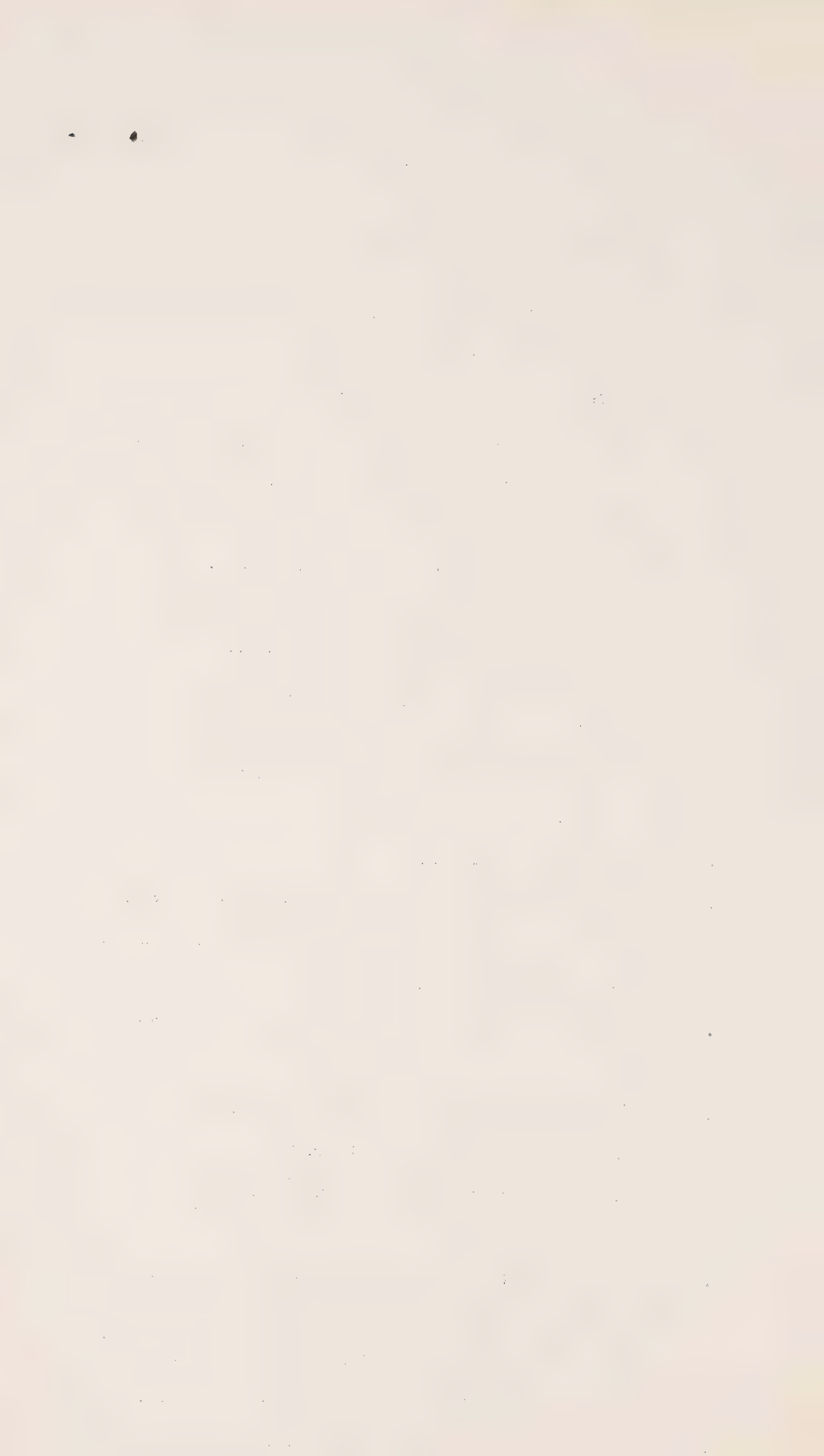
Q. And you probably also keep in touch, in your position as Manager of Labour Relations, with C.N.R. negotiations?

A. There is considerable interchange of information.

Q. Am I right in suggesting to you that the C.N.R. served on the Brotherhood an identical notice with regard to the point we have just discussed?

A. As far as I know it was in those respects identical. I must have seen a copy of it, and my recollection is that if it was not identical, the purpose of it was the same.

Q. And finally, Mr. Gossage, on this point am I



right in suggesting to you that both the first-class railways in the United States, and the C.N.R. in Canada, signed collective agreements without change in that respect?

A. That is correct.

Q. Now, just to keep the record a little clearer, Mr. Gossage, with your help, you said in relation to the 1956 negotiations with the Brotherhood, if my note is accurate, that it became apparent that the Brotherhood would not negotiate while the diesel demand was on the table?

A. That is what I said, as I recollect.

Q. Now, do you recollect, Mr. Gossage, what you said --

MR. SINCLAIR: I see that Mr. Lewis has in his hand a copy of the minutes of the meetings between the negotiating committee in this dispute, which I have always considered as confidential. I am wondering if he is going to breach the confidence of the minutes in the negotiations? I have no desire to keep them out, but if that is what he has in mind I would suggest he file them all.

MR. LEWIS: I had no intention of filing the minutes. I am merely asking a question based on information which I have before me which, I respectfully submit, it is my right to do.

BY MR. LEWIS:

Q. Let me introduce this. You were present, I understand, at the meeting on April 18, 1956?

A. I think that date is correct.

THE CHAIRMAN: What meeting is this?

MR. LEWIS: A meeting between the negotiating committee of the employees and the committee of the Canadian Pacific Railway.

THE WITNESS: That is right.

BY MR. LEWIS:

Q. To discuss the matters which the Brotherhood had proposed to you -- and when I say you I mean the Railway -- and the matters which the Railway had proposed to the Brotherhood.

A. That is right.

Q. A negotiating committee meeting in other words?

A. That is right.

THE CHAIRMAN: What date is that?

MR. LEWIS: April 18, 1956.

BY MR. LEWIS:

Q. Am I right in suggesting, Mr. Gossage, that you were -- I do not know what you call it -- the main spokesman of the Railway Committee at that meeting?

A. I acted as Chairman of the Railway Committee at that meeting.

Q. Having recalled what the Brotherhood spokesman said, do you recall what you said?

A. I do not think I can recall words. I expressed positions that were taken. To the best of my

recollection I have not had any occasion to refer to the record of that particular meeting.

To the best of my recollection the position of the Company was that it could not negotiate separately the proposals made by the Brotherhood if there were not to be negotiations at the same time of the proposals made by the Company, that all the matters on the table had to be negotiated, that we could not split it into parts and deal with one part and not another. That is my recollection. I have not had occasion to refresh my memory for a long time.

Q. I do not blame you in the least. Can I help you? Would I be right in suggesting you stated that this diesel issue, as it has been called, was the most important item and must be considered a primary issue while the wages item was a secondary one?

A. I could not recall. Certainly from the point of view of the Company the diesel issue was a primary issue.

Q. It would not be difficult for you to ascertain more accurately the effect of what you said at that time, would it?

A. Oh, I could refer to the minutes that were kept of the meeting. That would be the only way I could.

THE CHAIRMAN: Have you got them?

MR. LEWIS: Yes.

THE CHAIRMAN: Why do you not refer them

to the witness?

MR. LEWIS: I would be glad to. I hesitated to do that because I would like to do it without filing.

THE CHAIRMAN: Just file for the purposes of cross-examination.

MR. LEWIS: Yes.

MR. SINCLAIR: I would suggest that when my friend cross-examines on a document the rule requires him to file it.

THE CHAIRMAN: Mr. Sinclair, we are not in court. If you want the document filed now that it has been referred to, whether the witness refers to it further or Mr. Lewis does, you are quite at liberty to have it filed.

MR. LEWIS: I am just using it to refresh his memory. I am using it merely to refresh the witness' memory.

THE CHAIRMAN: I appreciate that. We are not a court. The statute and order-in-council provides that we may make our own rules of procedure. You can refer to it for your purpose, and Mr. Sinclair, if he wants to put it in, can do so.

MR. SINCLAIR: I will not ask that it be filed, sir, for the simple reason that if we are going to be able to negotiate labour matters these negotiations will have to be kept confidential. I think my friend agrees with that.

MR. LEWIS: Yes.

MR. SINCLAIR: He and I will have

proceedings other than these, and I do not think we want to set a precedent here.

THE CHAIRMAN: I would say it merely comes to this, that if counsel tenders a document of that kind, regardless of where it comes from, and the witness has had something to do with it, and counsel wants to cross-examine on it, he may as far as the Commission is concerned; but the responsibility is that of Mr. Lewis.

Mr. Lewis at the same time wants to keep the rest of it confidential and I suppose you agree he can. If Mr. Lewis uses it for this purpose, then that part of it is no longer confidential and its use may affect the subsequent negotiations between the Railway and the Union. But we have nothing to do with that. So we are in your hands.

BY MR. LEWIS:

Q. Mr. Gossage, now that you have been able to refresh your memory would you agree that I stated correctly the position that you took?

A. I was able to refresh my memory, looking at this, on both points of this. It is quite correct that my position, representing the Company, was that from the point of view of the Company the most important item was the elimination of firemen from diesel and freight in yard service, and that the issue of the wages paid to firemen must be considered secondary from the Company's point of view. I also know Mr. Gamble stated that the five proposals of

the Railway were absolutely unacceptable and that they could not start to negotiate on the basis of those proposals.

Q. The fact is, Mr. Gossage -- and this is what I wanted to bring out -- that on this issue of the use of firemen on diesel locomotives in freight and yard service, both the Company and the Union took a pretty firm stand and considered it of prime importance. It was not the Union alone?

A. The Company certainly considered it of prime importance. It was the fact that the Union apparently did not consider it should be a matter of prime importance in the negotiations that led to the breakdown.

Q. Mr. Gossage, is that a statement? I don't want to argue with you. In the negotiations, you took the position and you stated that this was primary, and the wages were secondary; Right?

A. Yes.

Q. And Mr. Gamble took a position "This we are not ready to discuss. We don't believe in it. To us the wages are primary." Right?

A. Yes.

Q. I am not trying to apply blame. Perhaps you find it easier to?

A. I am not making any attempt to apply blame. I am trying to answer your questions as to fact.

Q. Now we come to the arbitrar~~ies~~ at the moment,

Mr. Gossage. You have filed Exhibit 7, or your counsel filed it on your behalf, and the point I wish to draw your attention to for the moment is that you pointed out to the Commission that on sheet 5 and again on sheet 9 of that exhibit, there is a notation that in the Agreement of April 1st, 1954, no duties of the firemen are set up.

A. That is correct. In the case of the Eastern Region, the Agreement of February 16, 1954.

Q. Yes; thank you for correcting the date. You said, I think, that because these duties were no longer applicable or something to that effect --

A. I said the Company's position, I think, was that this description of duties had become inapplicable in view of the pronounced technological change because of the introduction of the diesel.

Q. Did I understand both you and Mr. Sinclair right -- you had an exchange on that -- that as far as the arbitraries are concerned and your recollection with regard to them, that recollection applies to both steam and diesel?

A. You are correct.

Q. Well, then, Mr. Gossage, will you please tell the Commission, and help me, in what respect the ~~proprietary~~ ^{pragmatic} duties of the firemen on the steam engine, for the moment, have changed from the duties set out in the 1953 Agreement, for

example?

A. Well, I don't think a fireman on the diesel engine is required to fill torches and oil feeders on all assigned engines, as specified in the 1953 Agreement. But, to my knowledge, to begin with there are no assigned engines and there are no torches, and the lubricating of engines has been changed completely since the date that was originally drafted, which was about forty or fifty years ago.

Q. He still has to keep the cab deck dampened and clean?

A. Oh, I think that is a duty a fireman normally performs in the steam engine for his own comfort and the comfort of the engineer. That is not a ~~proprietary~~ ^{separate} duty. It is a duty on the road. He sweeps the cab at the same time either just before or after he starts.

Q. Does he not do that on the steam engine as well?

A. I presume so, but probably that is when coal is going into the fire and dust gets on the deck and has to be wetted down so it does not make the cab uninhabitable.

Q. Does he not have duties with regard to seeing that the fire is in readiness and that the pressure of steam is sufficient to make the engine go?

A. Very definitely.

Q. And that is still his duty in the ~~proprietary~~ ^{separate}

work on the steam engine?

A. Yes.

Q. And he still has a duty, does he not, of checking the various gauges on the steam engine under the direction of the engineer?

A. What do you mean by checking the various gauges?

Q. The oil, the water?

A. The fireman is responsible for checking water. I would say the crew is responsible, and the fireman normally under the direction of the engineer checks the water to know that the tender has a full tender of water because if he gets out on the road with insufficient water the whole crew is responsible for that on the steam engine. That is a duty, I think I pointed out, which remains the responsibility of the crew.

Q. I suggest to you, without burdening the record with too many details, there are quite a few ^{preparatory} ~~proprietary~~ tasks on the steam engine still left. Am I right?

A. There are certain ^{preparatory} ~~proprietary~~ tasks left, yes.

Q. Where do the firemen and enginemen report when they are called for duty?

A. In the case of an engine taken from the shop track, the booking -in office is normally in the locomotive foreman's office. In the case of a run through engine there is

frequently, although not always, a booking-in point established perhaps near where the change of crew takes place.

Q. But most of the time it is in the locomotive foreman's office?

A. Yes, when the engine is taken from the shop track.

Q. And the fireman has certain duties he has to do when he goes in to book out?

A. The fireman books out for the trip and he has to read the bulletins.

Q. And he has to check his watch?

A. No, the rule does not require that the fireman compare his watch at the booking-out point for standard time. The engineer is required to compare his watch with other members of the crew at some time during the trip. The requirement of comparing his watch is the requirement of the engineman in the Standard Code of Rules.

Q. Mr. Gossage, have you seen one of the booking-out books in the locomotive foreman's office?

A. I was referring to the requirements of the Standard Code of Rules. I have seen a booking-out book, but I have not examined it minutely.

Q. Would you be surprised to know there is a column in the booking-out book in which the engineman and the fireman must record that they have checked their watches with the

standard watch in the office before they book out?

A. The requirement of the Standard Code of Rules is that the engineman must compare his watch and must see that he compares it with the fireman at some period.

Q. We can check this but are you sure that the term in the Standard Code is "engineman" or are the words "engine crew" used?

A. Engineman. The last time I referred to it, that is my memory of it.

Q. We will check on that but would you be surprised to learn that there is a column in the booking-out book which the fireman is required to fill out certifying he has checked his watch?

A. No.

Q. Before he books out? You would not be surprised to learn that?

A. No, I would not be surprised. I would take your statement of the booking-out book.

Q. Therefore, you would not be surprised to hear me say he does, in fact, do that?

A. Oh, I would think he very probably does in fact.

Q. And if the locomotive foreman's office is a little distance away from the shop track there would be some time involved in getting from the office to the shop track?

A. Certainly.

Q. I suppose one couldn't guess at the time?

- A. No, it would vary with every terminal, and it would vary with the way the engine stood on the shop track. If there were several engines turned out, and it was the first engine, it may be farther from the office than if only one engine was turned out. Or it might be closer. It is a matter which might vary at various terminals, and it might vary at different times at the same terminal.
- Q. Would you like to make a guess as to the minimum and maximum time it might take?
- A. No, I would not feel I was completely competent to make such a guess before this Commission.
- Q. Would I be right in suggesting to you that in some cases at least it might be three to five minutes?
- A. I would say that was probably not unreasonable.
- Q. And all of that would come within the ' ~~preparatory~~ ~~proprietary~~ time arbitration allowance?
- A. That is correct.

THE CHAIRMAN: Would you just make me clear as to this, Mr. Lewis? The first two questions we are concerned with here are related to diesel only?

MR. LEWIS: Yes.

THE CHAIRMAN: When we get to the second question we are in the realm of steam and diesel?

MR. LEWIS: That is right, sir. When we get to the arbitrary and the Mountain Differential, we are both in steam and diesel in both freight

and passenger and yard. In the first two questions we are concerned only with freight and yard and diesel, and in the last question we are concerned with the whole works, if I may put it that way.

BY MR. LEWIS:

Q. Now, when we come to the diesel ~~proprietary~~^{preparatory} time, Mr. Gossage, also as part of your exhibit No. 7 you have on both sheet No. 6 and sheet No. 10 a system-wide bulletin setting forth the duties of the fireman?

A. That is correct.

Q. Now, I notice that the first duty, duty numbered No. 1, is to assist the engineman. Is that right?

A. That is correct.

Q. Basically, that has always been the duty of the fireman other than the firing?

A. Well, yes, other than specific duties he has always had the duty to assist the engineman in so far as he can, and perform any specific duties as well.

Q. And then, as far as the passenger engines are concerned, engines on passenger trains, you have in No. 3 "To operate the steam generator and its appurtenances." That is still a job he has to do?

A. That is correct.

Q. And in connection with that the fireman has to make sure that it is in working order before the engine sets out on the road, is that

not right?

A. I could not tell you definitely as to whether in fact on a passenger engine taken from the shop track he tests the steam generator or not. I would imagine he probably does not, and does when he couples on the train and gets steam through the train; but I cannot give any definite evidence on that.

Q. Now, let's go down a little and we may come back to that later. In the last sentence of sheet 6, the same as on sheet 10, in Exhibit 7, you have "In the same way, when a unit has been checked by shop staffs, the helper is not required to perform mechanical checks, or to see that the unit is properly equipped and supplied with fuel, lubricating oil, water or sand."

Now, Mr. Gossage, do you know: is there any system whereby the engine crew is informed that a shop staff has in fact checked the unit?

A. If an engine is turned out on the shop track where a shop staff is employed, the engine crew is entitled to assume the shop staff has checked it.

Q. And your definition of these words, then, would be that in a case where there is a shop staff --

A. Where there is a shop staff on duty.

Q. The engine crew should assume these checks have been made?

A. I would say they could not be held responsible by the Company for any failure to check in those circumstances.



could not answer

Q. Mr. Gossage, can you inform me of any case where anything has happened as a result of a failure to check, since this bulletin of October, 1956, in which the engine crew was exonerated from responsibility for not making a check?

A. I am afraid my responsibility, not extending to discipline of operating employees, would not enable me to answer that question.

Q. But Mr. Gossage, you took the liberty, if I may suggest with respect, to say that he would not be held responsible?

A. I expressed my opinion of the meaning of the bulletin. In my position I am called upon to advise as to interpretation, but not to exercise any operative responsibilities as to applying discipline.

Q. You made the statement that in your opinion he would not be held responsible?

A. That is a statement of my opinion on the interpretation of the bulletin.

Q. May I suggest to you that should be changed to read that, in your opinion he should not be held responsible?

A. No. In my own opinion he would not be held responsible.

Q. But you do not know of any case in which he has not been held responsible?

A. I have not got personal knowledge of any case concerning occurrences where there has

been a failure to check on the part either of shop staffs or anyone else. There may well have been such cases, but I have no knowledge.

Q. The fireman is required, is he not, to do what the engineer tells him to do; he works under his direction? I think it states that somewhere.

A. That wording was changed in the early days from being subordinate to the engineer, in a later version to obey the instruction of the engineman regarding their duties, and they are supposed to do that now.

THE CHAIRMAN: Where is that referred to?

MR. LEWIS: I thought it was in Exhibit 5, sheet 6.

THE WITNESS: On sheet 5, but not on sheet 6. Sheet 6 requires them to assist the engineman.

MR. LEWIS: Yes, sheet 5, number 5. The duty is to obey the instructions of the engineer regarding their duties, and that still stands, is that not right?

A. Yes; the fireman works under the directions of the engineman.

THE CHAIRMAN: I suppose that is what is meant by No. 1 on sheet 6.

MR. LEWIS: I think as a matter of fact it may be a bit wider even than the requirement to obey his instructions. To assist the engineman I would think, Mr. Chairman, it would mean he would have to do it on his own as well as wait for instructions?

BY MR. LEWIS:

Q. Mr. Gossage, do you know what the engineer does in the preparatory time?

A. I have general knowledge, but I would not like to be the authority for putting it on the record specifically.

Q. I know it puts you in a difficult position, Mr. Gossage, but you did give evidence on this, and on the fact that the arbitraries are no longer justified I am going to have to persist in testing you.

A. Is this in regard to steam or diesel?

Q. I am talking about diesel now.

A. If you will accept this as a very general statement, the engineman is required to apply his brakes and release them, and know that they do apply and release; and he inspects his running gear of the units forming the locomotive; and he is required to check or know that a check has been made of flagging equipment, and to check the seal on the fire extinguisher to see that it is unbroken.

Q. And what about the bell?

A. The bell and the headlights, I think too.

Q. And the sand pipes?

A. I think he probably does, although I am not sure. He probably tries his sand to be sure it is working.

Q. With respect to the following checks, would you tell me whether the engineer would

have time to do them or would somebody else have to do them; to check whether there is certain equipment, as for example a spare knuckle, or a wrecking chain, or what is called a replacer?

A. It is the responsibility of the shop staff to know that the engines are properly supplied.

Q. Your suggestion then is when the engine crew, that is the engineer and helper, or the engineer alone as you would like to see it, comes into the engine they are to make all these assumptions that the equipment is there, has been put there by the shop staff, and they take no time to see that they have it?

A. The responsibility is on the shop staff. If a man wishes to assure himself that he has particular items of equipment that is very easily done and takes a very short time, but the responsibility for that equipment being on the engine is the responsibility of the shop staff.

Q. Mr. Gossage, you can add anything you like by way of comment, but would you be good enough to answer my question first as I ask it, if the question is not impossible to answer. I suggest to you, and I want you to comment on it, what you have stated amounts to this: that when the engine crew gets on the engine he does not have to take any time to check whether this equipment is on the engine, but assumes that it is there, and that it has been put there by the shop staff? That is

in effect what you are saying, is it not?

A. May I put it in my words? My words would be that the engine crew is not required to check that this equipment is on the engine.

Q. And that means, does it not, Mr. Gossage, that as far as the company is concerned it does not want the engine crew to take the time to do it?

A. It is correct, that we say it is not necessary for the engineman to take the time.

Q. Then it is correct that as far as the company is concerned it does not want the engine crew to take the time to check this equipment?

A. You are referring to the spare knuckle, the steam hose ...?

Q. Wrecking chain and replacer, and all this equipment.

A. It places the responsibility on the shop staff to have the engine properly equipped.

Q. Then your answer to my question is -- and I do not want to repeat it for the third time -- yes?

A. Yes.

Q. I suppose you would give the same answer with regard to checking for water leaks in each unit?

A. That is a shop responsibility for turning out an engine on the shop track.

Q. And I suppose you would give the same answer to checking for oil leaks in each unit?

A. That is a shop responsibility for turning out an engine on the shop track.

Q. And I suppose you would give the same answer to checking for oil leaks in each unit?

A. I would give the same answer, it is shop responsibility.

Q. And you would I suppose give the same answer for checking the level of the lubricating oil?

A. That is a shop responsibility.

Q. And I suppose you would give the same answer to checking the level of the cooling water in the engine?

A. That is a shop responsibility.

Q. And I gather from what you said earlier that if there is a steam generator on the diesel in passenger service -- and, by the way, there may be on freight engines during the winter?

A. A passenger engine may be equipped for use in either passenger or freight service; in which case it would be equipped with a steam generator.

Q. Am I right in saying that quite a few engines used in freight runs will have steam generators in them?

A. Yes.

THE CHAIRMAN: And in operation?

MR. LEWIS: And in operation.

BY MR. LEWIS:

Q. Is that correct, Mr. Gossage?

A. It normally is what is called a stand-by.

As I understand it, and I am not a mechanical expert, that the generator is operated sufficiently to keep it from freezing, but not so that it is delivering steam, it is just to keep enough heat on the generator so that it is not subject to freezing and damage therefrom.

Q. It is just to make sure the generator does not freeze?

A. It is set where it operates automatically.

Q. If it did freeze and you suddenly needed the engine for passenger service, you would be in a fix?

A. The thing is that the freezing damages equipment; therefore, it is to be protected from frost.

Q. If I may summarize it, your position is, and you are speaking for the company now --?

A. Well, I would say I am speaking under instructions, yes. I am not personally well acquainted with the operations of such things, but I am sufficiently acquainted to state what the position is.

Q. May I say with a twinkle, even though you cannot see it, that you are as much instructed to answer my questions as you were to make the general statement yesterday. That is about the level we want it at. Therefore, you say, and to that extent you speak for the company, that all of these checks that are enumerated are no longer to be made by the engine crew?

A. They are the responsibility of the shop staff. The engine crew is not required to make those checks you have enumerated.

Q. But suppose for the moment that those checks are to be made by the engine crew, am I right in suggesting to you that the engineer could not possibly make them all?

A. Well, in making that observation, I would be surprised to find that he could not make them all.

Q. Within the arbitrary time allowance?

A. As I have never made a study of that, I could not answer that question with any certainty.

Q. Suppose you had a 304-unit or diesel engine, Mr. Gossage -- and you probably know a great deal more about this than I do, so I do not hesitate to ask you -- with respect to this brake test which the engineer has to do, I understand that is a pretty crucial thing before he sets out; it is pretty important that he be sure that his brakes are functioning.

A. The engineer is instructed to be sure that his brakes are functioning, which is a safety precaution. It is not the only brake test he makes, but that is the brake test before he leaves the shop track.

Q. As I have been instructed, there are two brakes he has to test; one is the dynamic brake, and the other is an independent brake that does not involve all the cars behind

the unit, is that right?

A. It is not my understanding that the engineer tests the ~~dynamic brake on the shop track~~. My understanding is that he test the air brake.

Q. And not the dynamic brake?

A. That is my understanding. I do not think he could test the dynamic brake on the shop track. I am not a mechanic, but it is my impression that he could not.

THE CHAIRMAN: Mr. Lewis, could you tell us through the witness what the mechanical brake is?

MR. LEWIS: I was very much afraid you would ask me that, Mr. Chairman. I am going to bring evidence on that, and perhaps my friend will have it explained.

MR. SINCLAIR: We will undertake to do so.

MR. LEWIS: It has been explained to me, but I would not like to attempt to relate it to you.

BY MR. LEWIS:

Q. Mr. Gossage, if there were three or four units the engineer would have to make sure that the brake is holding for each one of them?

A. It is my understanding of the process that he gets up in the cab, he applies his brake, he gets down and walks around the units where he can see if the brake shoes are applied; he gets up in the cab and releases the brake, and he can get down and make sure the brakes are

released.

Q. As a matter of fact, Mr. Gossage, I am instructed that the engineer is first to go around the unit before applying the brake to make sure that whatever the gadget is, is released.

A. That his brake shoes are not in contact with the wheels.

Q. And then he goes into the engine and applies the brake, goes out again and makes sure that there is no contact with the wheel?

A. I am afraid I have not observed an engineman on a shop track to be sure of the order in which he does his brake test. I know the process: he is to apply and release his brakes, and assure himself they are applying and releasing on the wheel.

Q. What I am driving at, without going into any further detail, is that he would have to walk around three or four units at least twice and observe carefully?

A. I would think he would have to walk twice.

THE CHAIRMAN: Would that be to observe whether in the first place the brake shoe was not holding?

MR. LEWIS: That it was free.

THE CHAIRMAN: And secondly, to see that it had been applied?

MR. LEWIS: Yes.

THE CHAIRMAN: Then I suppose he goes

out again to see if the brake is released?

MR. LEWIS: My instructions are that he does not make another trip.

THE WITNESS: He can ascertain that on the first unit, sir.

THE CHAIRMAN: He must test only one brake, the air brake or the dynamic brake, which is it?

MR. LEWIS: We will have that in evidence later. My instructions are that he tests both.

THE CHAIRMAN: The witness and you were speaking only of one.

MR. LEWIS: At the moment we are speaking only of one. Mr. Gossage says his instructions are that he has to test only one.

HON. MR. McLAURIN: You have not been out driving one of these engines, have you?

MR. LEWIS: I have been freezing while observing them.

HON. MR. McLAURIN: We do not want you to get ahead of us.

MR. SINCLAIR: I think my friend has been using his terms incorrectly. He has two brakes he wants to test, but he has not called them by their right names.

MR. LEWIS: If that is all I am wrong on, I have made considerable progress in the last four or five weeks.

THE CHAIRMAN: We do not want to get confused at the outset.

MR. LEWIS: I am sorry if I have done so.

THE CHAIRMAN: Apparently the accoustics in this room are much better when you speak than when we speak.

MR. LEWIS: That is quite true sir.

BY MR. LEWIS:

Q. Mr. Gossage, I was interested in a later exhibit, namely Exhibit 15. On the second sheet of that exhibit you gave your estimate of what time the preparatory inspection or preparatory work would in fact take?

A. There was an estimate for the purpose of arriving at a figure for saving.

Q. So that the effect of that exhibit would mean agreement by you that some time is necessary for this preparatory work, to the extent that you have set it out on sheet No. 2 of Exhibit 15?

A. Yes. Some time will be involved: the man has to book in; he has to check the bulletin; he has to get to the engine, he has to get up on the engine, and he may have certain duties to do to assist the engineman.

Q. So that the differences really between you and the Brotherhood are two -- I am just trying to narrow it down, and you can corre t me if I am wrong -- one is of principle, that is you do not want the arbitraries at all; you want actually the time spent?

A. Yes.

Q. And as far as the cost is concerned, the second one would be the difference between the minutes you set out on sheet No. 2 of Exhibit 15 and the minutes actually allowed for this preparatory arbitrary as set out in Exhibit 5?

A. Well, would it be proper to say that if we are in agreement on the principle of one, I do not think there would be too much question on anything else, because it would be just a question of actually determining how much time was necessary to perform the duties required.

Q. I appreciate that, but in the time involved, the time between five and fifteen, is what it is?

A. That is the argument. Of course one is an arbitrary and the other would be the actual time.

Q. And you might conceivably be out one way as another?

A. Yes.

Q. In your estimate?

A. My estimation is that I have been liberal in the time allowance and conservative in the savings.

Q. Mr. Gossage, getting back to Exhibit No. 7; you have this bulletin sheet 6 and sheet 10, which was issued in October, 1956. Could you tell me whether you have knowledge of any other bulletin issued prior to that time?

A. Bulletins of what nature?

Q. Bulletins setting out fireman's duties?

A. No, I think not - not in this form at any rate.

Q. But you would agree that there were bulletins before October, 1956 setting out the duties of firemen, would you not?

A. There may have been bulletins in regard to individual duties of firemen at individual places. I do not know myself of any general instructions of this nature. As you know, previously the duties have been included in the agreement for a number of years, although, as I say, they have become outmoded.

Q. Would you be surprised if you were informed that there was a bulletin setting forth the fireman's duties issued as long ago as 1949 - that is, fireman's duties on diesel engines?

A. Is this a bulletin of this nature, or some instruction?

Q. A system-wide instruction bulletin.

A. I think when the diesel was first introduced there were instructions put out as to certain duties it was assumed the fireman would have to undertake. That was in 1949 when we had, as I have said, very little experience with the diesel, and practically none with the road diesel. This bulletin was issued in 1956 in the light of seven years experience in operation of diesels.

Q. That brings me to this point, M . Gossage: do you recall when you appeared as a witness before the Board of Conciliation that heard this matter?

A. I certainly recall it, yes.

Q. Do you remember the date?

A. No.

Q. Do you remember the month?

A. That I appeared?

Q. Yes.

A. That was about June 28 or 29th, something around that.

Q. 1956?

A. 1956.

Q. Were you present throughout the hearings?

A. I was present throughout the hearings.

Q. I suppose you would remember then that the diesel issue was seriously discussed beginning around about July 31st?

A. I would say the diesel issue was seriously discussed beginning June 27th or 28th.

Q. That is before the Board?

A. Yes, because the company's case was presented at that time.

Q. I am grateful to you for that correction. If I remember correctly, because the company had applied for conciliation services, its case went in first?

A. That is correct.

Q. You started presenting the diesel issue as

early as June 27?

A. That is right.

Q. And am I right that you continued for three or four days that month, and there was a recess for about a month?

A. That is correct.

Q. Then you started again?

A. I think the Brotherhood requested time, and withheld cross-examination of certain of the company's witnesses, not including myself, until they had had time to do some preparation; and when the hearings re-opened they re-opened with the cross-examination of the company witnesses.

Q. That was when, do you remember?

A. July 31, I think we started.

Q. It went on for some eight or ten days then, did it?

A. I would say more than that - it took about two weeks at least.

Q. Then there was another interruption?

A. Yes.

Q. It was after all this discussion before the Board of Conciliation as to the duties of firemen on diesel engines that this bulletin, which is sheet 6 and sheet 10 of Exhibit 7, was issued by your company?

A. Yes. I think if you refer to the bulletin you will see it started off by stating there appeared to be some misunderstanding in

the minds of engineers and helpers as to the responsibilities and duties of helpers on diesel engines.

Q. And you clarified that misunderstanding?

A. That is right.

MR. SINCLAIR: We removed the misunderstanding.

THE CHAIRMAN: Mr. Lewis, it has been suggested to us that counsel would like a break during the morning and afternoon. Are you a party to that suggestion?

MR. LEWIS: I am half a party to it. I was thinking less of myself, because I could go through quite all right, but some of the people behind me have said they walk out to have a smoke. However, I am not urging it.

MR. SINCLAIR: I think, Mr. Chairman, we should consider the witness who is under examination for two hours.

THE CHAIRMAN: We do not need any persuasion, if it is your desire. We will adopt the practice of taking a morning and afternoon recess. Would this be a convenient time to do so today?

MR. LEWIS: Yes, Mr. Chairman.

.--- Recess.

Following recess.

MR. LEWIS: I would just take a moment to say, Mr. Chairman, that I have got the names of these brakes cleared up. When I said "dynamic" I should have said, I have been instructed, "automatic". The two brakes involved are the automatic and the independent. I am not competent to go into details, but I am instructed that the automatic brake engages the entire train, the cars as well as the engine, whereas the independent brake is an engine brake only.

BY MR. LEWIS:

Q Mr. Gossage, in dealing with these arbitraries, both preparatory and final, you gave an example of the Canadian coming from Ottawa where the train stops for only ten minutes. I want to go over this in order to be sure that my questions are based on what you said, and that both the crew coming off the train and the crew going on the train are getting, one, a final inspection arbitrary and the other a final inspection preparatory?

A That is correct.

Q Fifteen minutes in each case?

A Correct.

THE CHAIRMAN: That illustration was in connection with a run-through.

THE WITNESS: Ottawa is a run-through point on the Canadian.

BY MR. LEWIS:

Q And the suggestion was made, either by you or it came out in discussion, that the crew would be paid five minutes -- one crew would be paid five minutes -- after the train leaves and the other five minutes before it gets there?

A That is correct.

Q The crew that came on in that station to receive a preparatory arbitrary would have to check in -- that is true of the firemen as well as the enginemen -- read the ~~bulletin~~ ^{bulletin} ~~buoyancies~~, check the mechanism and so on?

A That is correct.

Q Is that some of the five minutes?

A Correct

Q And walking to the train might take up some of the five minutes?

A That is correct. If you will refer to the sheet No. 15 the tentative estimate was that on run-throughs we would require, I think, fifteen minutes, having in mind these factors. It is, of course, necessary for the crew to be there when the train arrives to take over.

BY THE CHAIRMAN:

Q What is the five minutes you speak about?

MR. LEWIS: The five minutes is the difference between the ten minutes for which the train actually stops at Ottawa station and the fifteen minutes which is allowed as an arbitrary now and which, as Mr. Gossage has drawn to your

attention, is also his estimate of what it might take if it were on a time rather than on an arbitrary basis.

THE CHAIRMAN: I thought you were using the five minutes as though it was the time that would be actually occupied by this inspection, but that cannot be so. It doesn't matter how long a time is taken; fifteen minutes is what is allowed.

MR. LEWIS: That is right, Mr. Chairman. I only mentioned it because I thought it had been given as a horrible example of the train only stopping for ten minutes and somebody getting fifteen minutes pay. But you now allow fifteen minutes.

THE WITNESS: For the preparatory. For the final, there is possibly some difference in that figure. We suggest an average value of ten minutes might be right, but there may be many points where less than ten minutes would be taken by the crew to get to the booking-in room and go on duty.

BY MR. LEWIS:

Q In that case you would reduce it from fifteen to ten?

A Exactly. In some cases it might be reduced more.

Q And I suppose in some cases, if there was a long distance involved, it might actually take more than ten?

A Oh, certainly, and the company has always recognized that if it requires a man to get off the engine at some distance from the checking-in point the necessary time to get there must be

allowed.

Q With regard to that final inspection, do you know what the fireman's duties, under the engineer's instructions, are now?

A The final inspection duties of a fireman under what class of power and under what conditions?

Q Let us say, diesel?

A Run-through or shop track? Let us say shop track to start with. I think that the fireman is required there under the direction of the engineman to see that the hand brake is applied.

Q And what about opening the air drain -- the air box drain?

A That is the engineman's duty unless he delegates it to the fireman on his responsibility

Q Would you be surprised to hear that it is usually delegated to the fireman?

A To the best of my knowledge it is not necessarily usual, but I have no doubt that it is on occasion delegated to the fireman.

Q And the engineer makes out some kind of sheet listing any defects he notices on the engine?

A That is right. I think he generally does that before he reaches the shop track but that is a matter of where the engineman chooses to do it.

Q Yes, and he might obtain from the fireman information that might go into that report?

A If he wanted to. Otherwise, he would just fill it out. If he wished to make certain observations himself he would.

24 254 is second sheet

Q In some cases he would not be able to get to the terminal?

A Yes, and in that case he would have to stop and endeavour to restore power.

Q And you say that in your opinion that should be done even if it is a restoration which should be performed by an engineer's helper?

A I would say I know of no reason why an engine-man should not be able to stop and restore power in the sense of restoring a protective device and then proceed without causing any delay which would have any serious importance at all in the operation of the company's trains. That is speaking of freight services.

Q All right. I will have more questions on that to put, probably, to other witnesses.

THE CHAIRMAN: I must say that what is involved in the phrase "restore power" is completely in the dark.

MR. LEWIS: Yes, that is why I am linking it up with purely operational evidence.

Neither my memory nor my notes on this are clear. You said something, Mr. Gossage, about the payment of overtime with regard to the arbitrariness?

THE WITNESS: Certain arbitrariness must be paid at the overtime rate if the time of the duty is such as to call for the payment of overtime.

MR. LEWIS: Is that likely to occur very often?

Q Is that of any value to the company? That is, having this information from the engineer?

A Form MP-74 is a requirement of the board of transport commissioners.

Q And do you disapprove of that requirement?

A No.

Q Do you think it is a good requirement?

A Provided it is properly filled out.

Q It is a useful one?

A Yes.

Q And if the engineer, Mr. Gossage, has obeyed his instructions before running the train, how could he find out about all the defects in a three-unit diesel engine?

A He will know if there are any defects because he is the man who is controlling the power and if the defects affect the power he will be the man who knows it.

Q And in order to know that I suppose, if he did not have a helper, he would have to stop the train and find out himself?

A If he had a loss of power he would have to make a decision as to whether conditions between him and the terminal required him to try and restore the power on the unit or to continue with two units to the terminal which, in many cases, he would be perfectly able to do.

Q And in some cases he would not?

A In either case the engineman is perfectly capable of handling that situation.

A Frequently. We don't run into excessive overtime; it is a matter which is always being checked by the company supervisory officers, but there are some runs where it is fairly normal to expect overtime to occur.

Q Since you referred to overtime, would you please be good enough by reference to Exhibit 1 to inform the Commission as to when overtime rates of pay apply?

A There is a certain amount of complication attached to this, but I will endeavour to explain it as simply as I can. This involves what is known as a dual basis of pay where men are paid by time or miles, whichever is the greater. As I told you, the factor relating time and miles is $12\frac{1}{2}$ miles per hour in freight service and 20 miles an hour in passenger service. If a crew takes a length of time on a run that exceeds the miles of the run, when the time is translated by this factor, then overtime applies -- to take an example, you have a subdivision of 125 miles, which is fairly normal length for a freight train. Dividing 125 by $12\frac{1}{2}$ gives you a time of ten hours. If a crew should take more than ten hours to complete its run, then the excess over ten hours would be paid at penalty rates. Of course, on the other hand, if a crew takes less than ten hours then -- it is a normal case; they might take five, six or seven hours --

the men have that advantage. That time is what you might call free time -- bonus time.

Q On page 59, Mr. Gossage, to enable members of the Commission to look at it if they are interested, you set out a table, on page 59 of Exhibit 1 -- the collective agreement -- showing when overtime begins?

A That is right.

Q Did I understand you to say that a 125-mile run would be the most common?

A No. I chose a length which is a fairly normal subdivision length.

Q There are some which are longer than that?

A Yes, the longest I know of is 175 miles -- the longest main line subdivision, at any rate, that I can call to mind.

Q Yes, and in the case of this 175 miles an engineer would have to be on duty for 14 hours, would he not, before the overtime penalty rate would apply?

A That is quite correct. On the other hand, on a 100-mile subdivision it would apply at eight hours.

Q Are there so many subdivisions of 100 miles?

A There are some.

Q I suggest to you that there are not any more 100-mile subdivisions than there are 175-mile subdivisions?

A I would think there are more. There are some which are less than 100 miles, but on which the

100 miles is being paid.

Q With regard to that, Mr. Gossage, have you, in connection with the exhibits which you have placed before the Commission, made any study of the amount of time that the crew might be away from home?

A No. That does not relate to any exhibit I submitted.

Q Well, this overtime question --

A Overtime is not related to time away from home.

Q I appreciate that, Mr. Gossage. But might they not be away from home for a considerable time longer than the hours they are on duty?

A Put it this way: A crew in through freight service will run from the home terminal at which their headquarters are to the objective terminal at the other end of the subdivision. Normally, after they have performed the work for which they were called, they go off duty there and they rest. The engine crew have bunkhouse accommodation for use when they are away from the home terminal where they go to bed and cook meals. And they are called again for a return trip from the distant terminal to their home terminal, when they again go on pay. The agreement limits the amount of time during which a man can be left at the away-from-home terminal without going on pay. After 16 hours he goes on pay.

Q In which service?

A I am talking about freight service.

Q But in passenger service there is no limit?

A In passenger service he works on assignment. He is assigned to trains which he chooses in accordance with his seniority.

Q And if he chooses a train and is laid over at the foreign point for any length of time he gets no pay in respect of that?

A Yes, I think that is correct. Just a minute while I check my agreement.

Q It is limited to assignment service, and --

A Yes, of course you have to remember that assignments in passenger service by agreement are normally set up so as to provide miles at least within the mileage regulation. There is no guarantee under the agreement, but normally the passenger assignment will be set up so as to provide at least 4,000 miles, and you cannot do that and have a man spending days away from home sitting and doing nothing.

Q I don't say you do it deliberately, but it happens.

A You don't have an assignment which has enough miles in it to be properly set up --

Q But it does happen in the case of a passenger crew?

A There are certain assignments where a weekend layover may take place where a man does not normally reside, but that run would have been chosen by the man in the exercise of his seniority

Q I appreciate that, but in the result they might

pay his entire board and lodging out of his own pocket?

A That is not different from many men who have to find employment at places other than their home.

Q I am not so sure of that. Do you know of any cases of industries where, when a person is sent away from home he is paid his living expenses, if it is for the convenience of the company?

A I think that is different. You are talking about a different thing there; you are talking about where, in certain industries, people are occasionally sent away from home, not where it is a condition of the service on which the rates of pay have been negotiated historically.

Q I do not have time to pursue this, Mr. Gossage, but you mentioned it, so let us just pursue it further for a moment or so. Do you know anything about the telephone industry and the installers in that industry?

A No, I don't.

Q Would you be surprised if I told you that the installers of Northern Electric do, necessarily, work away from home, and that they are paid board and lodging for that?

A I would not be surprised. They would be working at different places over quite a wide territory. That is quite a different thing from being employed in a service where, when

you enter it, you know you are going to be required, within a seniority territory, to work out of certain terminals.

Q But in the result these employees are in the unfortunate position of having to incur additional expenditure?

A It might be, and, again, it might not. That depends on the situation of the man. He may be boarding at the home terminal.

Q I suppose --

A That is perfectly possible, or if a man is a bachelor he does not necessarily take employment at the point where his family lives.

Q But with all these qualifications you would still agree, would you not, that there are some men who have additional expenses?

A Oh, yes, certainly.

Now, in connection with Exhibit 14, Mr. Gossage, you made a statement which I could not understand and I would be grateful if you would explain it. You said that these earnings that you give there include mountain differentials but do not include the arbitrary payments --

A May I explain that a little further? The mountain differential would increase the average earnings per hour work because it is a payment at a higher rate per hour. It is an amount added to the basic pay and, therefore, involves payment at a higher rate per

mile or per hour. The arbitrary does not involve any increase in the rate per hour because it is a payment for a specific period of time and the calculation of actual hours worked, as that is defined statistically in the company's records, includes the time specified for the arbitrary, preparatory and final inspections. Therefore, you have in the case of a steam engine going from shop track to shop track, where you get 30 minutes at each end, that one hour is "hours worked" and the payment for that hour is included in the compensation; and therefore whether this is in or out the only way it might affect this is that it might lower it a little due to the fact that it is paid at the pro rata rate of the valley rate whereas the other rate, due to the fact that men get over the road a great deal faster than $12\frac{1}{2}$ miles per hour in a normal train, is higher.

Q You said it might lower it a little. What did you mean?

A Lower the average earnings per hour worked because it would be a slightly lower rate per hour than the average.

Q I wanted to make sure that I agree with you that it did not have much effect, and I wanted

to make sure that, as I understand you, you divided the earnings by the number of hours which included the lower arbitrary time?

A That is right

Q I apologize to you, Mr. Gossage, and to the Commission, Mr. Chairman, for having overlooked this before, but I refer you to the bulletin issued in 1949 on the duties of firemen. I meant to ask you, Mr. Gossage, at the time, whether you knew whether that bulletin continued to be handed to firemen up until October, 1956 as they became firemen?

A May I say, first, that it was not a bulletin. A bulletin is a specialized thing with a specialized meaning, and is placed in bulletin books. This was not a bulletin. It was, as I recall, instructions in connection with ALCO diesel locomotives -- applicable only to ALCO diesel locomotives, and to the best of my knowledge issued only in eastern Canada. I do not think it was continued up to October, 1956. I am not in a position to give positive evidence on that, but my impression is that it was not continued until October, 1956.

Q I do not mind calling it "instructions".

A A bulletin has a specialized meaning.

Q Right. You say it was limited to the ALCO engine. Are you quite sure it was not also issued in connection with the General Motors

engine?

A To my knowledge it was not. But, again, I am not an expert in that and perhaps that question can be answered positively by some one else.

Q And on the second part, do you know -- you may not, and that will end it -- whether, if for example, I became a fireman in 1954 or 1955 I would have been given a copy of these instructions as to my duties?

A I could not answer that positively.

Q Now, with regard to the arbitraries, am I right in suggesting to you, Mr. Gossage, that they are paid to the engineers as well as to the firemen?

A The engineman receives arbitraries as well as the fireman.

Q Can you inform the Commission whether the Canadian Pacific Railway has recently made a collective agreement with the Brotherhood of Locomotive Engineers?

A The Canadian Pacific has recently made an agreement with the Brotherhood of Locomotive Engineers.

Q And would you inform the Commission whether there was any change -- let me put it in two ways: First, were the arbitraries retained under that collective agreement?

A Arbitraries were modified but retained.

Q Yes, I see. All right, you have answered

both points. I was going to take it in two parts. They were retained, and they were modified. You reduced them.

THE CHAIRMAN: Mr. Lewis, I would like to be clear on this: We have had an agreement as between the company and the Brotherhood of Locomotive Firemen and Enginemen. You have just mentioned the Brotherhood of Locomotive Engineers --

MR. LEWIS: Yes.

THE CHAIRMAN: Is that a separate union?

MR. LEWIS: They are two separate Brotherhoods, Mr. Chairman.

THE CHAIRMAN: Are the enginemen in this union?

MR. LEWIS: Very briefly indeed, Mr. Chairman -- as a matter of fact this is one of the mysteries of labour history -- the Brotherhood of Locomotive Engineers consists, as I understand it, entirely of engineers, but the Brotherhood of Locomotive Firemen and Enginemen consists mainly of firemen but it also has, and continues to have as members, people who have been promoted from firemen to engineers.

THE CHAIRMAN: And such people would be members of both unions?

MR. LEWIS: In many cases, I was going to add, Mr. Chairman, as a result of a certain check-off of dues agreement, I understand, within the last year or two, there are many cases where engineers pay to both organizations, being members of the

Brotherhood of Locomotive Firemen and Enginemen and either member of and paying dues to or merely paying dues to the other Brotherhood.

MR. SINCLAIR: I think my friend might add there that the contract we have in the Canadian Pacific -- strictly Canadian Pacific, that is all I am speaking of here -- the contract, the labour agreement is with the Brotherhood of Locomotive Engineers in so far as enginemen are concerned.

MR. LEWIS: That is right.

MR. SINCLAIR: On the Dominion Atlantic, as Mr. Gossage said, there was what I call "slop-over", but in so far as the Canadian Pacific is concerned the enginemen are represented by the Brotherhood of Locomotive Engineers and the firemen by the Brotherhood of Locomotive Firemen -- two separate unions both having separate contracts.

MR. LEWIS: That is right. It is as my friend has stated, though I don't like the term "slop-over". There is an overlap between the two.

BY MR. LEWIS:

Q Now, Mr. Gossage, I come to the mountain differentials. I am interested in going over this matter with you. Did you inform us in regard to one of the exhibits -- I did not make a note of it -- that the average scheduled speed per hour -- I think you made a statement in regard to either Exhibit 10 or Exhibit 11 -- in mountain territory

for an average train is now 24 miles?

A What I said was that the scheduled speed for symbol freight trains on the mountain steep division, which is in mountain differential territory, was, as I recall it, a little over 24 miles per hour whereas the same symbol freight trains on the Thompson subdivision which is in valley territory are scheduled to average, on the time table, just over 25 miles an hour.

THE CHAIRMAN: You used the word "symbol"?

THE WITNESS: A symbol freight train is a freight train that carries more important freight. It operates on a fairly fast schedule and it has a symbol by means of which the traffic and transportation can be checked, for the purpose of report, and identified. They are the more important freight trains as opposed to the "drags" which only handle freight that can be subject to delay.

BY MR. LEWIS:

Q What precise significance would the scheduled mileage or the mileage in the schedule for these symbol trains have in relation to actual performance?

A I would say it has a great deal of significance. Those schedules for symbol freight trains are schedules that are meant to be observed and every effort is made to keep these freight trains running in accordance with the schedule. I will not say we are

uniformly successful, but these schedules are set up in such a way as those trains would be able to observe them.

Q Am I right in suggesting that a third class train in that mountain region would be a symbol train?

A Without referring to the time bill I cannot say because a third class train is sometimes a symbol train, but sometimes it might not be. I think, generally, a third class train would be -- but I am not sure -- in the case of the mountain subdivision --

Q I can file this, Mr. Chairman. I have not any extra copies, though, for obvious reasons. If my friend can more easily obtain copies for filing, perhaps he would do so. I have in my hand, Mr. Chairman, a time table No. 105 which came into effect on September 30, 1956.

MR. SINCLAIR: For what subdivision?

MR. LEWIS: It is a mountain subdivision. It also has other subdivisions -- Shuswap, and so on.

THE SECRETARY: Might we have the date again?

MR. LEWIS: Effective September 30, 1956, the first one I mentioned. The second is Shuswap.

THE CHAIRMAN: Mr. Lewis, perhaps if you want to keep that out and use it, there is another document available.

MR. SINCLAIR: I will get a copy of this. If my friend had let me know I would have got it so that it could be put in and made available.

THE CHAIRMAN: Perhaps you want to keep that particular copy.

MR. LEWIS: I would rather keep it, if I may. We can just give it an exhibit number.

EXHIBIT No. 25 -- Railway time
table relating
to mountain
subdivision
and others.
(Not filed.)

BY MR. LEWIS:

Q On the mountain subdivision, Mr. Gossage, what is Train 965

A ~~A small~~ ^{symbol} freight train. I am referring to the time table. Symbol freight trains in both directions are third class. On many subdivisions they are second class. That was the reason for my hesitation.

Q I was taking Train 965. You can do it any other way you like, Mr. Gossage, if you wish. You go westward from Field, the originating terminal, to Forde, which is a difference, I note of $47\frac{1}{2}$ miles.

A Yes.

Q The time allowed for this is from 2.35 to 4.34, which would be one hour and 59 minutes?

A Yes.

Q That would be, roughly, the equivalent of your 24 miles an hour?

A It happens that it is.

Q That is why I picked it. Now, if you will be good enough to turn to page 21 of this time table --

MR. SINCLAIR: Now we have moved beyond the two subdivisions.

MR. LEWIS: Yes, I see we have. We had better have the entire time table as an exhibit. I will file my copy if necessary.

THE CHAIRMAN: Can that be done?

MR. SINCLAIR: Oh yes, it can be done.

BY MR. LEWIS:

Q On page 21 you find, do you not, Mr. Gossage, special instructions?

A Yes.

Q That is common in your time tables or in what the train crew, I understand, call "time cards"?

A That is right.

Q And those instructions, Mr. Gossage, relate to the instructions to make certain terminal inspections. Is that right?

A Yes.

Q And certain thermal inspections?

A Yes.

Q And in the case of certain grades, if you go down, it is necessary to put on retainers on cars?

A Unless otherwise provided.

Q Unless otherwise provided, yes. And some

retainers on 100 per cent of the cars and some retainers on 50 per cent of the cars. Is that right?

A Yes.

Q And then there is, is there not, a designation of the actual places where inspections are to take place. Is that right?

A There is a designation on ^{grades} of 2 per cent or over.

Q And where the terminal inspection is to take place and where the thermal inspection is to take place?

A Yes.

Q Now I am instructed, Mr. Gossage -- you may or may not be able to confirm or modify this -- that within this $47\frac{1}{2}$ miles I have suggested to you the train has to make -- the crew has to stop and make -- a thermal inspection at Leancoil, a terminal inspection at Glenogle and to apply retainers at Golden, that is, to stop at three points within that 47.5 miles. Just a moment. I am told you put the retainers on at Leancoil and take them down at Golden. I left that out. All this involves stops, does it not?

A Of course, you must realize that 965, as a freight train over the mountain subdivision is normally handled by diesel power equipped with a dynamic brake, which is a brake which does not operate on the wheels but which

L-6

operates through electro-motive force in the electric motors of the diesel. Where a train handled by diesels is not handling, down a grade, tonnage in excess of what it can handle up the grade it is not required to set up retainers because it operates on the dynamic brake.

Q Are you quite certain of that? Do you know whether a bulletin has been issued requiring retainers to be put on?

A I understand that if a train is handling a load in excess of the tonnage it could handle up the grade it would have to set up retainers in some portions.

Q You agree that the thermal inspection must be made as provided?

A That is provided for in this particular case at Field, where the terminal inspection would be made of all trains.

Q And the thermal inspection?

A It would not be necessary if the train was being handled by dynamic brakes, because you are not applying brake shoes on the wheels. A thermal test is a test of the wheels to see if they are overheating, and it is only if retainers are set up that a thermal test is necessary.

Q That is your understanding?

A Yes. I am not an operating man on this district and perhaps you will have an opportunity

of asking that question again, but that is my understanding -- that it is only where retainers are set up that it is necessary to make a thermal test.

Q My instructions are otherwise, but --

A As I say, I am not an operating witness in regard to this.

Q What I am driving at is this: Have you any idea what these inspection and required delays -- I am not now talking about accidental delays, but required delays -- do to the 24 miles per hour average in the schedule?

A I do know that when it is necessary to stop and set up retainers and then stop to make thermal tests it very seriously slows down the movement of trains. That has been one of the great advantages of the diesel equipped with the dynamic brake.

Q Yes, but if you had to do these things it would slow it down considerably?

A Oh yes.

Q And did you make any study at all, before you gave this 24 mile an hour schedule, as to whether in fact it represents an average?

A I took those out of the time card which is compiled, as I say, as a schedule which is supposed to be observed by freight trains and which is supposed to be capable of being observed by freight trains observing the rules.

Q From that, I gather from your answer to my

question that you made no check?

A I have made no study on the time performance of symbol freight trains in the British Columbia district.

Q And the same would be true in regard to your statement that the average speed per hour in the valley territory would be 25 miles?

A I said the scheduled speed in the Thompson subdivision, which is one subdivision, seemed to me to be faster, though somewhat slower on the Thompson subdivision itself -- a particular subdivision in valley territory -- than the average scheduled speed of the symbol freight trains -- the same trains as are running on the mountain subdivisions.

Q And I suppose in this case you did not make any check as to the actual average?

A No.

Q Thank you. In Exhibit 11, Mr. Gossage, you gave your calculations for passenger services with the diesel engine based on three units?

A Yes.

Q A three-unit engine?

A Yes.

Q Is that the most common engine in passenger service?

A Well, in my experience, most frequently, in going between Calgary and Revelstoke on Dominion trains No. 7 and No. 8, and in

meeting the Canadian trains Nos. 1 and 2
I have seen three units, and it is my understanding that normally three units are used on these trains.

Q I want to put it to you, Mr. Gossage, to be fair if I can, that I am instructed by a person who has occasionally been in the service and is in that area, that it is seldom that there are three units in a passenger diesel engine over that territory.

A I would be very glad to have that checked, because it is contrary to my information.

Q Yes. And if you had a two-unit, would you please look at Exhibit 11 and tell me, if you can, what difference it would make to your calculation?

A The figure is shown in the second section where we are dealing with the passenger service on the south main line; it shows that when a two-unit diesel is running on that basis a valley differential would be 557.28. It would be \$20 below the earnings of a T-1 engine, including mountain differential.

Q Oh, yes, valley and mountain differentials would be the same -- are the same -- in Exhibit 11. Is that right?

A Would you repeat that? I don't quite follow.

Q You would reduce the mountain differential to the valley level?

A If you take a figure of \$580.80 shown

against a three-unit diesel, that figure would become ~~\$550.28~~^{\$557.28}, that is, the rate on the diesel at valley differential would be \$557.28 for a two-unit diesel.

Q Now, with regard to your freight calculation, you take there, in both areas, the north main line as well as the south main line in a four-unit engine?

A Yes.

Q And are you saying to the Commission that from your knowledge the majority of firemen work on four-unit engines and freight the majority of their time?

A That is my understanding -- that when the tonnage is available and, I suppose, when the diesels are available, that four units are assigned to through freight services on the mountain subdivision and also on the Kettle Valley. Tonnage will not always be offering on Kettle Valley, a relatively light territory, in which case the number would be reduced, but four units are being operated on that territory. I cannot say what the majority of firemen get; the majority of firemen did not necessarily get a T-1 engine, either

Q I am not concerned with that comparison at this moment, but with your calculation of earnings which is shown in Exhibit 11, based on the four-unit engine both north and south. Wouldn't you agree with me that that would be

a fair basis only if, in the majority of cases, people worked on a four-unit engine?

A This exhibit was prepared to show the earnings that were available to firemen under those conditions. There may be cases where only two or three units are used, in which event there would be less earnings, but there are also cases in which, perhaps, T-1 engines were not available, although generally T-1's were operated in freight service to the best of my knowledge on the mountain subdivision.

Q With all respect, Mr. Gossage, I am not in the least concerned with the steam engine, though perhaps Mr. Sinclair may be. I am concerned at the moment with the diesel engine only and if it turns out to be the fact that at least half the time firemen were put in freight trains drawn by three or two-unit engines, ~~then~~ there would have to be a very significant change in these figures.

A There would be a change in those figures.

Q Would you be able to tell me what the change would be for a three-unit instead of a four-unit and then for a two-unit instead of a four-unit?

A I should say that I checked very recently with regard to the south main line as to the operation of four units and was informed that four units were being operated whenever the

tonnage was available and that they were a frequent operation -- not a constant operation, but a frequent operation. That information was obtained directly from that territory. In the north I cannot say how many are four-units, but I know that four units are being operated there quite frequently.

Q Counsel and witness should not argue, anyway --

A I was making a statement as to where my information came from.

Q I was making it clear -- I am not accusing you of having said anything unfair, and our statements may not be at variance.

THE CHAIRMAN: You were asking for a calculation.

MR. LEWIS: Which perhaps, Mr. Gossage, you could make overnight?

THE WITNESS: It might be easier. The exhibit does show the figures -- the basic figures -- of course. It would be a question of working them out.

MR. LEWIS: May I, perhaps leave it with you overnight? It does not look as if I am going to be through with my questions today.

THE CHAIRMAN: Perhaps this would be a good time at which to adjourn.

--- The Commission adjourned at 4.00 p.m. until 10.30 a.m. Wednesday, March 6, 1957.

ROYAL COMMISSION ON EMPLOYMENT OF FIREMEN
ON DIESEL LOCOMOTIVES IN FREIGHT AND YARD
SERVICE ON THE CANADIAN PACIFIC RAILWAY

3

PROCEEDINGS

DATE: March 6, 1957

PLACE: Ottawa, Ont

PAGES: 281 - 417

VOLUME: THREE

E. L. FEATHERSTON
SHORTHAND REPORTER
241 MANOR AVENUE
ROCKCLIFFE PARK
OTTAWA, CANADA

Mr. Hughes

I N D E X

Witnesses:

GOSSAGE, S. M.

Exam. by Mr. Lewis 283
Exam. by The Chairman 293
Exam. by Mr. Lewis 297
Exam. by Mr. Mundell 350

SHEPP, J.

Exam. by Mr. Sinclair 363

Exhibits:

No. 26 - 1955 Report, C.P.R. ... 326
No. 27 - Operating Rules 413

ROYAL COMMISSION ON EMPLOYMENT OF
FIREMEN ON DIESEL LOCOMOTIVES IN
FREIGHT AND YARD SERVICE ON THE
CANADIAN PACIFIC RAILWAY

Proceedings of public
hearing held at Ottawa,
Ontario, Wednesday, March 6,
1957.

PRESENT:

Hon. R. L. Kellock,	Chairman
Hon. C. C. McLaurin,	Member
Hon. Jean Martineau,	Member
Douglas M. Fraser	Secretary
A. R. Winship	Asst. Secretary

APPEARANCES:

D. W. Mundell, Q.C.	Representing the
C. J. A. Hughes, Q.C.	Commission
I. D. Sinclair, Q.C.	Representing the
John Pearson,	Canadian Pacific
	Railway Company
David Lewis,	Representing the
	Brotherhood of
	Locomotive Fire-
	men and Enginemen

- - -

Wednesday,

March 6, 1957.

MORNING SESSION

--- The Commission opened at 10.30 a.m.

S. M. GOSSAGE, recalled,

EXAMINED BY MR. LLWIS:

Q At adjournment yesterday, Mr. Gossage, you were good enough to undertake to do some calculations with respect to Exhibit 11 on the basis of 3-unit and 2-unit diesel engines in freight?

A That is correct, I have those calculations. If you will refer to Exhibit 11, to the third panel there headed "Freight Service, North Maine Line," on the basis of 3-unit diesels instead of 4-unit diesels the figure on the right hand side, under the column headed "Earnings, Including Valley Differential" for the 4-unit the figure is: \$579.88; for the 3-unit diesel it would be \$543.40, which would be \$34 higher than the Mountain differential on a T-1 engine.

For a 2-unit diesel the figure would be \$507.30, or just \$2 less than the Mountain differential rate on a T-1 engine.

Q It would be exactly the same, of course, in the next group, the South Maine Line?

A That is correct. There is one point in connection with the South Maine Line, in actual fact there is no subdivision on which all the miles are paid at the Mountain rate. On the South Maine Line there is a division on all

subdivisions between the Mountain rate and the Valley rate. Therefore the comparison that is shown there is one that is particularly favourable to the payment to the men. If the normal proportion between the Valley and Mountain were established, then of course the steam rate would be reduced, the earnings on steam would be reduced, but the earnings generally under the Valley differential for diesels would not be reduced.

I was also able to check from company records the actual operation of diesel units for two months on the Mountain subdivision in relation to the question of whether 4-unit diesels were being operated in freight and 3-unit diesels in passenger service. I have the figures here if you would like them.

Q Certainly.

A In the month of July, 1956, in passenger service on the Mountain subdivision, there were two trains operated with 1-unit; there were 109 trains operated with 2-unit diesels; there were 105 trains operated with 3-unit; and 51 trains were operated with 4-unit.

Q That was passenger?

A That was passenger. For February, that is this last month of February, 1957, the similar figures would be: one train with 1-unit; one

133 trains with 2-unit; 19 trains with 3-unit; 19 trains with 4-unit. In other words, in the summertime the 3 and 4-units outnumber the 2-units, and in the wintertime, in February, the preponderance was 2-unit; that is in freight service.

BY MR. SINCLAIR:

Q I did not get those figures; would you run down them again?

A The figures?

Q Yes.

A For both months?

Q Just for February.

A One-unit, one train; 2-unit, 133 trains; 3-unit, 19 trains; 4-unit, 19 trains. In freight service the same comparisons are made.

HON. MR. MARTINEAU: The same months?

THE WITNESS: Yes. For July, 1956, there were 27 trains with 1-unit -- those would presumably be way freight -- there were 10 trains with 2-unit; there were 166 with 3-unit; and 107 trains with 4-unit.

In February, 1957, there were again 27 trains with 1-unit; 17 trains with 2-unit; 140 trains with 3-unit; and 236 trains with 4-unit.

THE CHAIRMAN: Mr. Lewis, I am sure that Mr. Gossage explained what the Valley differential is and what its existence is due to. However, I do not seem to have that clearly in my mind and perhaps

this would be a convenient place for Mr. Gossage to explain that.

MR. LEWIS: By all means. I thought he had done some of it, but by all means.

THE CHAIRMAN: He may have.

BY MR. LEWIS:

Q AS I recollect from my notes, Mr. Gossage, you said that the Mountain differential arose out of two factors, one the greater arduousness, I think, was the word you used, and, second, lower speeds?

A Yes; both being related to grade conditions.

Q In the mountains?

A Yes.

Q And the Valley differential arose out of lesser speed alone?

A Yes, that is the assumption. It is from the old days, and it is much less than the Mountain differential. It was 9 cents per 100 miles as opposed to 78 cents in passenger and 72 cents in freight. It covers the balance of the territory in British Columbia that is not paid at the Mountain rate.

Q In other words, again as I have it, all British Columbia is either Mountain or Valley?

A That is correct.

Q It is either under the Mountain or Valley differential?

A That is shown on the chart where all the lines

in British Columbia are coloured either red or blue.

Q That is Exhibit 8-A?

A Yes.

Q As I recall, speaking again from memory, according to Exhibit 8 there are about 400 odd miles of Mountain differential territory?

A 473 miles, I think it is..

MR. SINCLAIR: 473.4 miles.

THE WITNESS: As against 1473.8 for Valley.

BY THE CHAIRMAN:

Q I seem to remember that when you approached the subject of Valley rates you said that there was something you would more exhaustively deal with later on, but perhaps you did cover that. That is all there is to it?

A Yes sir, that is all there is to the rate situation.

BY MR. LEWIS:

Q As a matter of fact, Mr. Gossage, the Chairman's remark leads me to my next question I was going to ask you. You gave the Commission a comparison of the present average rail speeds according to the timetable for territories under mountain differential, which was an average of 24 miles per hour, and for valley differential it was an average of 25 miles per hour.

A May I be precise? I said on the Mountain

subdivision and on the Thompson subdivision.

Q It was one subdivision?

A Yes.

Q What were the regular scheduled speeds under steam comparing those two?

A I have not checked that; I did not make any check of those schedules under steam operation.

THE CHAIRMAN: You can get that if necessary?

BY MR. LEWIS:

Q Do you know whether the difference in the schedule average rail speed was very substantial as compared with the 1-mile difference indicated in that comparison?

A No. I have not made any check of that so I cannot make any statement.

Q Would you be good enough to do that?

A I will be glad to make some check.

Q It could be brought in at any time Also related to that there is another point of comparison which cannot be within my competence or the competence of my advisers to make but which you ought to be able to make and it is this: would you be good enough to make a comparison between the relative average rail schedule speed in steam on the basis we have already discussed, in British Columbia, Valley and Mountain, and say some fare -- I leave it to you to pick something that is fair -- subdivision

on the prairie, and another one in Ontario, and the same kind of comparison in the case of diesels?

MR. SINCLAIR: I wonder if my friend could make what he wants a little more precise. He says he will leave it to Mr. Gossage to be fair, but I think Mr. Lewis should say which subdivision he wants.

MR. LEWIS: I will take one; suppose we choose an Ontario subdivision, Toronto-London, whatever it is called.

THE WITNESS: That is the Galt subdivision.

BY MR. LEWIS:

Q And the Swift Current subdivision on the prairies.

A It should be realized, of course, that the Swift Current subdivision is a double track subdivision. The Galt subdivision is half double track and half single track. The Mountain and Thompson subdivisions are entirely single track, so the comparison will be a little bit altered by those features.

Q Mr. Gossage, let me say this: would you be good enough to make those comparisons and then if you want to straighten it out and give something more comparable, you could do so. I am not trying to put anything into the record that is not legitimately comparable.

THE CHAIRMAN: Perhaps your original suggestion was the better one, that Mr. Gossage should make the comparison.

MR. LEWIS: Since I have indicated those two subdivisions I am going to ask Mr. Gossage to produce the results.

BY MR. LEWIS.

Q On this mountain differential am I right in suggesting to you that it is enjoyed by all the running trades?

A Yes.

Q That is the engineers and the trainmen as well as the firemen or helpers?

A That is right.

BY THE CHAIRMAN:

Q And conductors?

A Yes sir.

BY MR. LEWIS:

Q Yes, and the conductors. The conductor is not included in the Brotherhood of Trainmen?

A He is covered under the trainmen's agreement. There is one agreement for conductors and trainmen.

Q Have you concluded collective agreements with the Brotherhood of Locomotive Engineers?

A Yes, but I think I should say that the reason why that agreement was --

Q Excuse me, suppose we take it step by step. You have done so very recently?

A Yes.

Q And is the mountain differential still retained in that agreement?

A Yes.

Q You were going to give an explanation?

A Yes. I wish to say that the reason why the

Mr. S.M.Gossage

company abandoned in that case its proposal that the mountain differential should be removed was that the settlement was made subsequent to the appointment of this commission, and the company in making the settlement made the statement to the parties and the conciliation board that was acting that, similar to its position on the arbitraries, it felt it was not proper to attempt to force the issue with the engineers in a conciliation proceeding when it was being dealt with by this royal commission in regard to another body of employees .

Q And/^{have}you recently completed an agreement with the Brotherhood of Railroad Trainmen?

A Yes.

Q That covered conductors and the brakemen or trainmen?

A Yes.

Q Was there any change in the mountain differential there?

A The mountain differential was continued in that agreement. I think I should say that the circumstances are a little different in regard to conductors and trainmen in that they have not profited by being paid on the basis of weight on drivers and therefore the introduction of diesels has not given them additional compensation, and while in that agreement additional compensation was

Mr.S.M.Gossage

provided for trains in excess of 80 cars that is not a factor that affects many trains in British Columbia where grade conditions and other conditions limit the length of trains, and particularly in mountain territory you cannot operate trains that length even with 4-unit diesels

Q You have not made any change there in that respect?

A No, the mountain differential was maintained in that agreement.

Q Now, the C.P.R. has certain interests in the United States, has it not?

THE CHAIRMAN: Are you leaving that subject?

MR. LEWIS: Yes.

BY THE CHAIRMAN:

Q I should like to ask Mr. Gossage this question. Am I right in understanding that the mountain differential in the case of firemen arose originally because of the extra work in going over the mountains?

A That is an assumption I draw from the agreements and from any historical reading I have been able to do, that it was related to work and to the slower speed of movement.

Q Well, what then would be the explanation for extending the mountain differential increased rate to engineers?

A Well, the engineer has always claimed, I think, that the responsibility of operating heavy trains

Mr.S.M.Gossage

under extreme grade conditions was a greatly increased responsibility. He also, of course, had the slower speed of movement, but the responsibility for brake handling under many conditions that might arise, particularly with the equipment as it was in the older days, it was necessary -- handling these trains down long grades with retainer valves in operation without the dynamic brake of the diesel was a matter that called for some skill and responsibility. Then there was the possibility of difficulties in handling the engine up grade, of handling it so that it would exert its maximum power under adverse conditions, and with a steam engine that depends, I think, a good deal for somewhat more on the skill of the engineman in handling the engine than a diesel does. Those were all factors that contributed to the enginemen's position in regard to mountain differential.

Q What about the trainmen?

A The trainmen under operation as it used to be had considerable extra duties in mountain territory. He was required to set up and release the retainers and in older days he was required to ride the top of the train down all these severe grades so as to be in a position to apply the hand brakes immediately should there be any failure of the air brakes or any tendency for the train to get out of control,

and that under some conditions, particularly winter conditions, was quite an arduous requirement. The setting of retainers on a fairly long train involved a good deal of extra work that would not occur under prairie conditions and, of course, again all the crew were subject to the longer time on the road.

Q And who sets up the retainers today?

A When they have to be set up the trainman sets them up.

Q And there are cases where it is still necessary?

A Yes sir. If the diesel engine is handling down grade more tonnage than it can take up grade and the grade is a grade in excess of 2 per cent, then a certain number of retainers have to be set up to supplement the braking power because the feature of the dynamic brake is that generally speaking it will brake down grade the tonnage that it will take up grade.

Q The old responsibility that the trainman had to set the hand brakes, if necessary, that is now on the engineer?

A No, he would still have that responsibility should the train show signs of getting out of control but it is no longer necessary for him to ride outside on the tops of the cars, because with modern brake equipment and particularly with the dynamic brake that eventuality is -- well, it would be a very

Mr. S.M.Gossage

extraordinary event, but should there be a situation where the engineman had to call for brakes the trainman would have to go out and set them up. Of course, that has always existed in all territories but it has been in mountain territory that it was of the greatest urgency and it was in mountain territory that in the older days the trainman was required to ride outside.

Q And the brakes that you have just mentioned, what brakes are those, on the individual cars?

A The handbrakes are on individual cars and are set up by hand on each car.

Q Then, what do you say about the conductor?

A Well, the conductor was required to supervise that work and, if necessary, participate in it. He also participated in train inspections that were necessary at the top of the grade, and in the case of long grades at intermediate points on the way down the grade and again at the bottom of grade where it was necessary to inspect as well as turn the retainers down again, where the checks were made to guard against damage due to overheated wheels. With the long braking against the wheel the wheel was liable to become quite hot, and if it became overheated there might be, particularly if the retainer caused a brake to stick, danger of a derailment due to an

Mr. S.M.Gossage

overheated wheel which might break.

BY MR. LEWIS:

Q Following from that, Mr. Gossage, are you sure that originally there was not the usual labour-management compromise, that instead of a wage rate increase going across the country a particular adjustment was made for the people working under mountain and valley conditions?

A I have examined the old agreements at different times and there is no particular indication of that, although in the very early days when wage increases were made on a district -- anyhow, wage settlements were on a district basis, they tended to follow the same pattern, but there were changes in valley territory at different times. In mountain territory the territory seems to have remained fairly uniform, and all this is prior to the first war. Since that time the mountain differential has been set except in so far as it has been affected by percentage increases.

Q And suppose one assumes, Mr. Gossage -- I am not to be understood to be admitting this, Mr. Chairman -- that some adjustment in the mountain differential was called for: your present suggestion is that adjustment be from 78 cents in passenger and 72 cents in freight all the way down to nine cents?

A That is right.

Mr. S.M.Gossage

Q And you think, do you, Mr. Gossage, that the changes in the working conditions on the mountain track and in the speeds of trains, that is, the earning opportunity because the speed of trains controls that, does it not --

A Well, no, it does not. What it controls is the amount of time that has to be worked during the month in order to make the mileage that is available, and if the mileage is not available to the full amount there might be a difference in earnings, but that might vary on subdivisions all across the country.

Q But it does control the amount of time you have to spend to earn the same amount of money?

A Yes. is,

Q Now, your opinion/ is it, that the difference in working conditions and the speeds is now such as to justify a reduction from 78 and 72, passenger and freight respectively, down to nine cents?

A Well, of course, you have to remember that I have already shown in Exhibit 11 that an adjustment of that nature would be less than, shall I say, the fortuitous increase that has come to the firemen due to the assignment of heavier power to their territory.

Q Well, we will come to the matter of heavier power. I was asking you, Mr. Gossage, whether the CP.R. did not have some railroading interests in the United States?

Mr. S.M.Gossage

A In the sense of having --

HON. MR.McLAURIN: Have we an exhibit that should go in here with changes of Exhibit 11, or did you just put it on the record?

MR. LEWIS: It was put on the record, I understood.

MR. SINCLAIR: It might be more convenient if we put it in statement form. Is that what you have in mind?

HON. MR.McLAURIN: Yes.

MR. SINCLAIR: I will arrange to have that done and have it filed with the secretary, if we can have an exhibit number for it now.

THE CHAIRMAN: 11-A.

HON. MR.McLAURIN: We will call it 11-A.

EXHIBIT NO.11-A: Supplementary statement.

BY MR.LEWIS:

Q Yes, Mr.Gossage, you were saying --

A The Canadian Pacific has investments in certain United States railroads. That is, I think, the question you wished me to answer, that it does have investments in certain United States railroads.

Q And it is as a railway, is it not, a party to some of the United States negotiations?

A In so far as there are certain Canadian Pacific lines in the United States in Maine and Vermont it is either a party in some cases or in other cases is a party under what are known as standby agreements whereby it agrees to accept the pattern

Mr. S.M.Gossage

that is established by the United States carriers.

Q But it is a party to collective agreements with the running trades organizations in the United States?

A Well, it has collective agreements for its United States lines with the running trades organizations.

Q And such agreements have recently been renewed, have they not?

A Yes.

Q And in all these agreements, am I right, the diesel rule still remains?

A The agreements were unchanged in regard to any such factor, which was the pattern of settlement that was reached by the United States carriers, and in accordance with the standby agreement which Canadian Pacific had with its running trades organizations it adopted the settlement of the United States carriers for its lines in the United States, which has always been the pattern, that those would be governed by the conditions of the surrounding carriers in United States territory.

Q All of which adds up to the fact that the requirement of a helper on a diesel engine on your trains running through United States territory remains in the agreement?



A The agreement is unchanged in any such regard.

Q And the same is true with regard to the arbitraries, is it not?

A The arbitraries are included -- no, the United States agreements are quite different from the Canadian agreements in regard to the arbitraries. At the time that these separate agreements were negotiated, up until 1945, the employees on these lines in Maine and Vermont were covered by the Canadian agreements, and it was in 1945 that separate agreements were negotiated because of the desire of the employees to be paid in accordance with conditions of surrounding United States carriers, and so at that time the arbitraries as specified in the Canadian agreements were not included in the U.S. agreement because they were not the pattern in the agreements of United States carriers in the territory. The arbitrary was established -- let us say the agreed basis was established for preparatory and final inspection, I think of 15 minutes preparatory and final applying at that time to steam power from shop track. At that time I do not think we were running through, but if we were the same would apply on the run-through that does now.

Q And it now applies to diesel as well?

A Yes, 15 minutes preparatory and final, which is quite different, you see, from the Canadian steam arbitraries.

Q But the same as the Eastern Canadian diesel arbitraries?

A Yes.

Q By the way, do the employees on your railways within United States territory come from Canada or the United States?

A Oh, they are normally United States citizens or those who have their headquarters in the United States, residents presumably. I do not know what they are by birth; they may vary, but they are United States citizens normally.

Q Residents, anyway?

A Yes.

THE CHAIRMAN: I suppose, Mr. Lewis, the difference between you here is that the railway says that the time basis which governs the arbitrary is not in practice necessarily. I suppose it must be that the railways must say that where the 30-minute arbitrary is allowed really, under present conditions, it is considerably more than the time required to do the work that this arbitrary is designed to cover, and therefore the railway says, "We pay something for nothing." Is that really the situation?

THE WITNESS: That is exactly the situation, sir.

MR. LEWIS: Mr. Chairman, I have not been through any negotiations. I did not come into the picture until this Commission was established. I would suggest that one of the exhibits which my learned friend filed during Mr. Gossage's evidence, Exhibit 15, the second sheet, shows that in the actual time calculated by Mr. Gossage that it would take to do these things the difference in some cases is considerable; in some not very great at all; in some there is no difference at all, and my understanding is that there might have been a ground for considering the idea of it being on a time basis rather than as an arbitrary if it were not for the fear of men that they would be called in at so short a time before the train was out that they would have to do some work on a speed-up basis. You see what I mean there; I do not know. I have a suspicion that because of the time that the major issue involved in all these matters since February of last year that perhaps some of these other issues might not have been as big as they later became.

THE CHAIRMAN: You will be able to develop that further. I wanted to know whether that really was the issue there.

MR. LEWIS: That is the issue from the company's point, anyway, and we will produce some evidence on that some time in the next month or two. Whatever adjective may apply to it, I am becoming convinced that it is a realistic one.

THE CHAIRMAN: There will be no speed-up here.

BY MR. LEWIS:

Q Now, I want to deal for a minute or two,
Mr. Mr. Gossage, with a statement you made earlier in your evidence. I think I would like to get through with some of these specific things before going into that. With regard to the way in which the diesel rule, 11 (f) (1) came into the collective agreement, if I remember correctly, you informed the Commission that the Brotherhood had given notice on November 15, 1947, and then you said something to the effect that after long negotiations an agreement was finally signed on December 21, 1948. Is that right?

A Yes.

Q Substantially?

A That is substantially what I said. I think I said a long period.

Q A long period of negotiation?

A Yes.

Q Did you take part in those negotiations?

A I did not.

Q Have you looked through the file concerning the negotiations?

A In the position that I occupied I was, of course, generally familiar with what was going on. Although I was not at that time

taking a direct responsibility in regard to the running trades, I was always generally familiar with it and was required to be, and I have examined the file.

Q Fine; then, you ought to be able to help me or correct me and thus help the Commission on the following facts. Am I right in suggesting to you, Mr. Gossage, that in spite of the fact that a notice was given on November 15, 1947, the first meeting on that notice between the Brotherhood and the company did not take place until September 21, 1948?

A I think that my recollection of the file is that the company took the position in regard to that notice that it primarily concerned a wage issue that was another part of the notice from the firemen; that a wage increase notice in which the firemen were participating with other groups of employees was already before the companies and was the subject of negotiation and proceedings, and that it could not handle two wage issues, one in concert and one separately, and therefore it took the position that it could not deal with all the matters that were raised in this notice until the general wage case had been settled.

Q Precisely, Mr. Gossage, and the Brotherhood took no objection to that; is that not right?

A Well, apparently they agreed that the logic of the company's position was sufficiently strong.

Q Why do you not be gracious and say they had the graciousness to appreciate the logic and act accordingly? That is what happened.

A Well, I will allow your description from your point of view.

Q Mr. Gossage, there was a joint wage movement in the early part of 1948 including all of the operating and non-operating groups?

A Involving most of the operating and all of the non-operating groups.

Q And therefore, Mr. Gossage, as a matter of fact, there was no negotiation on the question of the helper on a diesel engine between the Brotherhood and the company until the meeting of September 21, 1948; is that not right?

A I could not speak positively as to that, but certainly the matter was not a subject of serious negotiation until about that time because the other wage matter was not settled until July of 1948.

Q You may not remember, Mr. Gossage; if you do not, say so, because you can look it up. I suggest to you that there was nothing but an exchange of correspondence about a possible meeting and a date and so on between the giving of the notice on November 15, 1947 and the meeting between the parties

1. The first part of the paper discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the success of any business or organization. The author notes that without reliable records, it is difficult to track income and expenses, which can lead to financial mismanagement.

2. The second part of the paper focuses on the role of the accounting department. It describes how the accounting team is responsible for ensuring that all financial data is correctly recorded and reported. The author highlights the importance of the accounting department in providing accurate financial statements to management and stakeholders.

3. The third part of the paper discusses the challenges faced by businesses in maintaining accurate records. It mentions that many businesses struggle with incomplete or inconsistent data, which can affect the reliability of their financial reports. The author suggests that businesses should implement strict controls and procedures to ensure the accuracy of their records.

4. The fourth part of the paper discusses the benefits of maintaining accurate records. It notes that accurate records can help businesses identify areas for improvement, make better financial decisions, and comply with regulatory requirements. The author also mentions that accurate records can help businesses build trust with their customers and investors.

5. The fifth part of the paper discusses the importance of training and education for accounting professionals. It notes that accounting professionals need to stay up-to-date on the latest accounting standards and practices. The author suggests that businesses should invest in training and education for their accounting staff to ensure they have the skills and knowledge needed to perform their jobs effectively.

6. The sixth part of the paper discusses the importance of internal controls. It notes that internal controls are essential for preventing fraud and ensuring the accuracy of financial records. The author suggests that businesses should implement strong internal controls and regularly review them to ensure they are effective.

7. The seventh part of the paper discusses the importance of transparency. It notes that transparency is essential for building trust with stakeholders. The author suggests that businesses should be open and honest about their financial performance and provide accurate financial reports to all stakeholders.

8. The eighth part of the paper discusses the importance of communication. It notes that communication is essential for ensuring that all stakeholders are aware of the business's financial performance. The author suggests that businesses should establish clear lines of communication and provide regular updates to all stakeholders.

9. The ninth part of the paper discusses the importance of technology. It notes that technology can help businesses maintain accurate records and improve their financial reporting. The author suggests that businesses should invest in accounting software and other financial technology to streamline their accounting processes.

10. The tenth part of the paper discusses the importance of ethics. It notes that ethics is essential for ensuring the integrity of financial records. The author suggests that businesses should establish a strong ethical culture and ensure that all accounting professionals adhere to the highest standards of ethical behavior.

on September 21, 1948.

A I could not answer from recollection as to that.

Q As a matter of fact, Mr. Gossage, is it not true that at no point during the correspondence and at no point during the meeting of September 21, 1948 did the Canadian Pacific Railway raise the slightest objection to the rule that a helper be on a diesel engine?

A I certainly could not speak as to that; I have not examined the file in that detail.

THE CHAIRMAN: I thought at that time there was no such rule.

MR. LEWIS: No, there was not. I should have said, "to the rule proposed by the Brotherhood".

THE WITNESS: You are speaking, of course of an objection officially made to the Brotherhood.

BY MR. LEWIS:

Q That is correct.

A I could not speak as to that; I am sure there were many internal discussions, but what was communicated to the Brotherhood my recollection of the file does not enable me to speak with certainty.

Q As a matter of fact you said a moment ago that the company had indicated to the Brotherhood that its notice involved a wage issue. Is that right?

A Yes.

Q And am I right in suggesting to you that the reason for that statement was that prior to that time and until the agreement was signed in December, 1948, the helper on the diesel engine was paid on the basis of the helper on an electric engine?

A That is correct.

Q And that --

A That was the basis for the payment of a helper, because of the difference of the different duties he was paid on the electric or diesel-electric -- they were both paid on the electric rate.

Q And the Brotherhood's request was the request that he be paid on the basis of the steam?

A That is correct.

Q And am I not right in suggesting to you, Mr. Gossage, that the only difference between the Brotherhood and the railway at that time was the basis of pay, not the question whether there should be a helper on the engine or not?

A Oh, I do not think that would be entirely correct. There were other items that were the subject of discussion in negotiations.

Q There may have been other items --

A Concerning the assignment of firemen.

Q Are you sure?

A Yes. I remember there was a considerable amount of discussion on 11 (f) (3) in Exhibit /
~~21~~.

MR. SINCLAIR: At page 24.

BY MR. LEWIS:

Q Oh, yes, and so I am instructed. But, Mr. Gossage, on the question of the helper on freight or yard engine I suggest to you, and you can correct me if I am wrong, that the only difference as to that part of the discussions between the Brotherhood and the railway was the basis of payment, not whether the helper should be on a freight or yard engine. Is that not right?

A To the best of my recollection of the file the company did not at that time make an issue of that portion of the Brotherhood's request in the discussions with the Brotherhood.

Q Now, Mr. Gossage, do you recall how many meetings, from your look in the file, did take place from September 21 when the first meeting I suggested to you took place, if I am right on the date, and the time when the agreement was signed two months later?

A No, I have no idea.

Q Perhaps I will put it to you in the form of another question. If my reading of the file is wrong you or Mr. Sinclair can correct me. I suggest to you that the meeting which followed September 21 took place on November 25.

MR. SINCLAIR: He said he had no idea,

Mr. Chairman. I ~~will~~ be glad to check it for him at some time.

THE CHAIRMAN: I think you could ask Mr. Gossage if your information is correct, and if Mr. Gossage does not know he can find out later.

MR. LEWIS: That is really what I was doing.

THE CHAIRMAN: Then, instead of getting six pages of transcript we might get one and a half.

MR. LEWIS: That is really what I was attempting to do.

My instructions are, Mr. Gossage, that there was this meeting on September 21, 1944. There was then the meeting of November 5, 1946. At that meeting of September 21, or before that meeting, the railway proposed some changes in the rules that did not have anything to do with diesels but with some other rules.

A That I would wish to confirm, because the proposals that there were made by the railway, to my knowledge, had a very close concern with diesels.

Q Don't misunderstand me, I did not intend to say that all of them had nothing to do with diesels, but that there were changes in the rules which had to do with other matters as well as diesels, and that there was a second meeting on November 5, as I have said. There was an agreement by the company to withdraw its proposals, a suggestion to the Brotherhood that the question of the pay could be settled by giving to helpers on diesel engines a steam basis but by reducing the arbitraries, and on that kind of basis the agreement was finally reached and signed on December 1st.

THE CHAIRMAN: You may check that, Mr. Gossage.

THE WITNESS: Yes sir.

BY MR. LEWIS:

Q I suggest to you Mr. Gossage, that if the information I have put on record is accurate, or even roughly accurate, that your statement of there being a long period of negotiation after the notice of November 15, 1947 was not well chosen?

A Well, the long period was from the 15th of November, 1947 to the 21st of December 1948. I did not mean to imply that negotiations were continuous.

Q That is what I wanted on record, because the impression I got, and, I am certain, the impression which members of the Commission would get, looking at the record, was that there had been over a year of negotiation on it. I suggest now that if the dates I have given you are correct that you would correct or rephrase your statement, because the negotiations in fact took just about two months?

A I did not intend to imply that they were in continuous negotiation but that the period during which this was an open matter was, for many reasons, a long period.

Q Right. And the reasons, we have already put in?

A Yes.

THE CHAIRMAN: If you want to add to

the statement after looking at the file you may have the opportunity, Mr. Gossage.

THE WITNESS: Yes, if there is any necessity, sir.

BY MR. LEWIS:

Q Now in exhibit 12, Mr. Gossage, you gave us the number of firemen or helpers and the only question I have to ask you about that which I think may be of great value is whether you happen to have any figures as to the number of firemen or helpers who on the average annually are set up as engineers?

A I do not have any figures available at the moment. Those figures, I presume, could be found.

Q Might I, unless my learned friend intends to provide them from some other witness, ask Mr. Gossage if he would be good enough to find them?

Mr. SINCLAIR: Of course, that information is surely available, also, to my friend; he could get it from the Brotherhood lists. They watch this matter closely.

THE CHAIRMAN: What is the most expeditious way of getting the information?

MR. SINCLAIR: I would think the most expeditious way would be for my friend to provide it -- his people should have it -- and I would check it.

MR. LEWIS: My learned friend is mistaken. The seniority list does not give the number of firemen or helpers who might be set up as engineers, because that depends on the number of vacancies which occur in the engineer ranks.

MR. SINCLAIR: Well, I will take the figures off.

MR. LEWIS: They can take the average over the years. I cannot.

MR. SINCLAIR: That is slightly different.

THE CHAIRMAN: Mr. Sinclair just wants you to do some part of this homework.

MR. LEWIS: May I take this opportunity of making this comment? Seriously, sir, with appreciation of my friend's offer to help, one of my difficulties, and the difficulty of my advisers, is that most of the information that is relevant is necessarily in the hands of the railway. I can make a stab at it but I have learned in three or four railway matters that I have now been in that my stabs on the basis of this information given me by my advisers from things they are told them by others are likely to be off the mark and sometimes a great deal; and I think it would be much more helpful to this Commission if that information is provided by the railway company which can do so much more accurately than I can.

THE CHAIRMAN: Well, Mr. Gossage indicates he will try to obtain it.

BY MR. LEWIS:

Q Now in Exhibit 15, Mr. Gossage, just to make certain I understand the basis of the figures of the savings you there outline, would you please tell me whether the first column is based on the actual current labour costs with regard to these people?

A It is based on actual labour costs, that is, with the 7 per cent increase that was made effective from April 1st, 1956.

Q And did you take the actual expenditure over a 12-month period, or make an estimate based on a one-month period or what?

A For what item?

Q Any one, but I am particularly interested in no. 3.

A Number 3 was based on the annual compensation of firemen and the proportion of service now being performed by diesel units in each class of service.

Q I am sorry. I did not quite get that.

A Well, it was based on the annual compensation of firemen, adjusted I should say, to the level of existing rates.

Q When you say "annual compensation" do you mean what ^{was} actually expended in a given period of twelve months?

A Yes, adjusted to current rates of pay.

Q Which period of twelve months did you take?

A That I would have to check with the people who were working under my direction. But it was the last twelve-month period then available at the time they were doing this work.

Q And this second column, the ultimate saving -- again particularly with regard to no. 3. How did you calculate that?

A That sir, again, was the compensation adjusted for the known increase in wage rates and the fact that in the ultimate position all service will be performed by diesels -- at least that is the assumption -- that the company will be completely dieselized at a period in the sufficiently near future.

Q What proportion of your freight and yard service is now dieselized?

A The total service including passenger is about 60 per cent. I think that freight service --

MR. LEWIS: Perhaps my learned friend could put it on record, because I want to relate it to Exhibit 15.

MR. SINCLAIR: I was going to call a witness in order to get those figures broken down through the actual service. Mr. Gossage can have a general recollection, subject to my later proving through another witness the actual figures.

BY MR. LEWIS:

Q What is your general recollection?

A That the level of freight service would now run at 52 per cent, I think; it would be of that order at any rate, and of yard service, about 68 per cent, I believe. I am speaking from recollection but I think the figures are of that order.

Q That is precisely one of the little difficulties I had about Exhibit 15. When I looked at it, Mr. Gossage, I saw that the ultimate figure was almost 100 per cent greater than your present figure. Is that right?

A Yes.

Q And I also knew, from what I had been instructed, that your effective dieselization now is considerably over the 50 per cent mark?

A I think that that apparent inconsistency may be related to the fact that the figures that I have quoted now are the stated dieselization right at the end of the year, but we take the figures over the year because we take them from statistical records, not from the estimate of the units in service at the end of the year. We took it from the statistical records, which would inevitably go back over a longer period during which diesels were being delivered currently and therefore we are picking up the volume of service.

Q In that case, Mr. Gossage, I am sure that as a better statistician than I am you would agree that we should have precisely the twelve-month period on which you worked in arriving at your current figures?

A I would be glad to do that. Of course that would have the effect, if any effect is there, that it would be an underestimate of the current savings.

Q That may be, but at the moment all I want to know is how you arrived at the one and how you arrived at the other.

A I would be glad to check the basis of that calculation.

Q Now, Mr. Gossage, I reach that part of your testimony which tried to persuade the Commission that the Canadian Pacific was a poverty-stricken institution.

THE CHAIRMAN: Would you like to break at this point?

MR. LEWIS: Very well, sir.

--- Recess.

-- After recess.

S.M.GOSSAGE, Recalled

EXAMINED BY MR. LEWIS

Q Before going into some of the financial evidence you gave, and which I suggested at one point I did not think was really relevant to the issue but since the evidence has been put in I am going to ask you some questions regarding it. Before doing that I should like to turn to the last but one exhibit filed, namely Exhibit 24, where you showed what happened to the maintenance of equipment employees as a result of the dieselization. I think, Mr. Gossage, if you have the figures it would be of interest to know what happened to the engine crews in those same years, 1949, 1952 and 1955: that is the engineers, firemen and helpers.

A I do not have the figures with me but undoubtedly they can be obtained.

Q Do you have any general idea of what happened? Have their numbers not also been reduced?

A I would expect to find that the number has been reduced.

Q For example, take the Mountain Territory, you now have 2-unit, 3-unit and 4-unit engines in freight and those units are all attended by only one engine crew: is that not right?

A That is correct.

Q In the lead unit?

A Correct.

Mr.S.M.Gossage

suggestion so that these things will not be covered three or four times. Perhaps my learned friend could give me a list of the information that he might want. Some of the information that I got for him yesterday I had to go to Calgary and Vancouver for.

THE CHAIRMAN: I am quite sure Mr. Lewis will co-operate as far as he can.

MR. SINCLAIR: If he will give me a list of the matters he wishes for production I will do my best to meet his wishes.

MR. LEWIS: I will do my best to do that. Of course some things will come up during the evidence that one would not have thought of at first.

BY MR. LEWIS:

Q Then with regard to the financial picture, Mr. Gossage. Do you really think it is proper to attempt to compare the profit position of an industry like the railway industry, the Canadian Pacific Railway, with the auto or steel or other industry like that?

A I think it is very necessary. We are competing in the same capital market for capital funds, which are essential to the continued strength and development of the company.

Q You have informed the Commission that you are limited as to the amount you can charge for

Mr.S.M.Gossage

Q If you were operating on steam you would have a number of pushers to help the train go over the grade?

A That is correct. Westbound there were more than one pusher; eastbound generally only the one pusher at the individual grade.

Q In each one of the steam engines you would have an engine crew?

A Correct.

Q An engineer and a fireman?

A Correct.

Q So that you have already had a reduction in the number of engineers and firemen required?

A That is correct.

Q You have benefited in that respect from the dieselization?

A We have.

Q Mr. Gossage, I am sorry to put this work on you, but it would be of interest to have the figures for the engineers and firemen for the years 1949, 1952 and 1955, that you give in Exhibit 24.

THE CHAIRMAN: Perhaps it would be convenient to have that added to Exhibit 24.

MR. LEWIS: I agree.

THE CHAIRMAN: We would then have it in one place.

MR. LEWIS: It could all be put in the one exhibit.

MR. SINCLAIR: I wonder if I might make a

grain in certain movements; is that right?

A That is correct. The statutory rates on grain were discussed.

Q And you also informed the Commission that your passenger service has been usually at a loss, at a out of pocket loss?

A Under present conditions we are sustaining out of pocket losses for some years.

Q I suppose that would be in part due to the fact that you are by statute required to maintain certain services, or by the Board of Transport Commissioners required to maintain certain services which you consider to be uneconomic.

A I would not like to make a positive statement as to our requirements under the law in that regard because I am not an expert. The Board of Transport Commissioners certainly has some jurisdiction over train abandonments, but I think we have been successful in cases where we have been able to show the unprofitable nature of the services or alternative means of service available in getting permission to take trains off.

Q I suggest to you that a public industry like the Canadian Pacific Railway, having to perform a service across the country under regulations, under the Act cannot legitimately be compared with an industry like the auto or steel industry, where the people are in them purely for profit that may be available in the industry?

A I could not agree with that because, as I say, we have to draw from the same capital market for funds and therefore we must be in a position to offer an investment that, in the light of all the factors that govern investors, is reasonably comparable with other opportunities or we would be unable to obtain capital funds.

Q Have you had that experience, Mr. Gossage?

A Of what?

Q Of being unable to obtain capital funds?

A The company has not been able to raise directly from the market risk money, I think I am correct in saying, since 1929. It may have been 1930.

Q Have you attempted to raise risk money since 1930?

A A company does not **attempt** to obtain risk money under conditions where it is sure it will not be able to be successful. That is not a wise financial move.

Q Mr. Gossage, you said that the company has not been able to raise risk money on ^{the} market. All I am asking you is, have you attempted to raise risk money on the market?

A My answer is no, and I gave you a reason why no such attempt had been made.

Q And have you had any other difficulty in raising the capital you require?

A Well, it is always difficult for a company

when it cannot raise a proportion of new funds in the form of risk money because otherwise its capital structure becomes out of balance and that creates financial dangers to the future of the company.

Q And is your capital structure now out of balance, Mr. Gossage?

A The capital structure is not at present out of balance because the company has exercised the greatest prudence it could in raising new capital and has used resources that were -- money that belonged to the shareholders in order to provide new capital facilities rather than to make a distribution to the shareholders.

Q And when you say "the company", Mr. Gossage, do you mean the company in respect of the rail operations alone?

A I mean the Canadian Pacific Railway Company.

Q And that consists of other than rail operations?

A It does.

Q And would you instance some of the things that the C.P.R. consists of in addition to the rail operations?

A The Canadian Pacific operates steamships, hotels. The communications service I think is partly rail and partly non-rail. It has certain land interests and it has certain investments made on behalf of the shareholders.

Q And I noticed --

A Airlines would come in too.

Q And on the whole the profit position of the Canadian Pacific Railway has not been too bad, has it, Mr. Gossage?

A The profit position of the Canadian Pacific Railway has not been either too good. The return to the shareholder has declined seriously since 1929 or since the period, the long period during the twenties as compared with present conditions the return to the shareholder is very substantially less.

Q And how many years ago is it since you failed to pay dividends to your shareholders?

A I wonder if I might refer to the annual report. I think I can get some information from that to answer you accurately.

Q Is that 1955 or 1956 you are looking at?

A This is for 1955. The annual report for 1956 has not yet been issued.

Q I am glad I am not behind time.

A The last year in which dividends were not paid --

Q What page are you looking at?

A I am looking at page 37.

MR. LEWIS: I think it might be made an exhibit, if my friend has no objection.

MR. SINCLAIR: My friend surely must have known that he was going to do this and could have asked me to bring some copies, but I will

phone Montreal and get them.

MR. LEWIS: I wish my learned friend would not complain. I could not have known before yesterday that all this financial material would go in.

THE CHAIRMAN: Speaking for myself, it indicates that when you start down a path that perhaps is not too relevant there is no stopping.

MR. LEWIS: Right.

THE CHAIRMAN: If it is only a question of this annual report I suppose there are lots of copies. You can put in yours if there is a shortage in the court room. No doubt there are others.

MR. SINCLAIR: We will get them and be glad to do so. All I am suggesting is that if my friend could tell me in advance it would save time.

THE CHAIRMAN: He has undertaken to do that already in so far as possible. Sometimes these things occur as late as the night before.

MR. LEWIS: That is what happened in this case, sir.

THE CHAIRMAN: Exhibit 26.

EXHIBIT No. 26 -- Annual report
for 1955 of
Canadian
Pacific Railway
Company.

THE WITNESS: From the year 1931 -- making this inclusive, the years 1932 to 1942 inclusive, no dividend at all was paid on the ordinary stock. In 1943 --

BY MR. LEWIS:

- Q Those covered a number of years known as the depression years?
- A They also covered the earlier war years when earnings were generally rising rather rapidly. In 1943 dividends were resumed on a restricted basis, which was increased in 1944. During the same period there was -- in 1932 only a partial dividend was paid on the 4 per cent preference stock. No dividend was paid in 1933, 1934, 1935. I think a dividend of one per cent only was paid in 1936.
- Q I am sorry, you said that no dividend was paid on the preference stock in what years?
- A 1933, 1934, 1935.
- Q I thought you said 1943.
- A I said partial in 1932, 1933, 1934 and 1935 no dividend, 1936 I think it was one per cent, 1937 two per cent, 1938 and 1939 no dividend, and payments in full on the preference stock were resumed in 1940.
- Q And they have continued in full until the present? Is that right?
- A That is correct.
- Q Then on your common stock you resumed payment in 1943?
- A That is right.
- Q At what rate?

A Looking at the figure I think it was two per cent paid in that year. I think it was 50 cents per share but I am speaking purely -- guessing from the figure.

Q And in 1944?

A It was raised then, I think, to \$1 per share.

Q In 1945?

A It continued at that rate.

Q To and including 1949?

A That is right.

Q And from 1950 on?

A It has been at the rate of \$1.50 a share.

Q And what percentage would that be?

A Percentage on what?

Q On the value of the shares, I suppose?

THE CHAIRMAN: On the par value?

THE WITNESS: On the value of the shares, the book value of the shares that would represent -- I would have to check that figure.

HON. MR. McLAURIN: Surely the stock market value.

BY MR. LEWIS:

Q The stock market value is what I had in mind but you can do both.

A Well, the book value of the shares would represent a return -- I would have to check the figure, as I say, but I think it is a return of about three per cent.

HON. MR. McLAURIN: Somewhere between \$30 and \$35 a share.

THE WITNESS: The stock market value at present -- it is quoted just over \$30 but it has been up to about \$35, but the book value of the shares is in the neighbourhood of \$55 or \$56. That is the amount of assets represented for each share. That is a comment on the position of Canadian Pacific in the minds of the market, sir.

BY MR. LEWIS:

Q Am I right in suggesting to you that the Board of Transport Commissioners, in one of its judgments in recent years, pointed out that this dividend record has been a good one since the middle of the war?

A I have no idea. I am not familiar with that judgment.

Q And would you not agree that since 1944 the dividend record, both preferred and common, has been a good one?

A No.

Q How much do you think you ought to pay your shareholders?

A I think that the shareholder should have a sufficient return on his capital to make it attractive to him to re-invest of his own volition or for other shareholders, other people with money to wish to invest in the company on a risk basis.

Q How much would that be, Mr. Gossage? What would you like to pay?

A Well, the company placed before the Board of Transport Commissioners its case that it should be allowed a return of $6\frac{1}{2}$ per cent on net invested capital in the railway, net railway property investment. The Board --

Q Well --

A Excuse me, I was going to say that the Board refused to make a finding on a fair rate of return, but the company still maintains that $6\frac{1}{2}$ per cent is a fair rate of return on utilities.

Q This might also be interesting. It is to me, Mr. Gossage. Have you any idea of the distribution of your stock as between various countries?

A That, I think, is given in the annual report. Page 21 -- is this Exhibit No. 26?

THE SECRETARY: Yes.

THE WITNESS: Page 21 shows that at December 31, 1955, the total percentage of stock was 14.34 per cent in Canada, 45.50 per cent in the United Kingdom and other British, 31.34 per cent in the United States and 8.62 per cent in other countries.

BY MR. LEWIS:

Q And you do not think, Mr. Gossage, that the dividend record since 1944 to shareholders, the overwhelming majority of whom are in other countries, is sufficiently good for the C.P.R.?

A I would not call that an overwhelming majority. It is a very considerable majority, I suppose, if you count the United Kingdom within the definition of other countries.

Q Well, I had not heard of it being annexed to this country, Mr. Gossage.

A No, but I just wanted to be sure of the basis on which you were counting otherness, whether you were making a distinction between the United Kingdom and the United States and foreign countries.

Q At the moment I was making a distinction between Canada and anything else outside of Canada?

A Then a large majority would be correct.

Q In Exhibit 16, for 1956 you informed us you had 8 per cent net railway income on railway revenue, was it?

A Well, to put it in another way, 8 cents only out of every revenue dollar was carried to net railway operating income out of which all charges on borrowed money have to be paid before anything is available for the shareholders.

Q I think I notice somewhere in this financial report, in a very quick glance over it last night when it first came into my hands, that the Canadian Pacific Railway made in 1955 over \$8 million in oil and mineral royalties. Am I right? Do you recollect?

A The figure is \$9 million shown on page 11 under the heading "Land Accounts".

Q And these royalties comes from land which was granted to the C.P.R. free of any cost?

A I think that is not a correct statement of the origin of land grants.

HON. MR. McLAURIN: I do not think that is historically correct. They got it as a grant but they did not get it necessarily for nothing. That is very debatable. Have you read "The Old Chieftain"?

MR. LEWIS: I think I did, sir.

HON. MR. McLAURIN: And the dramatic history there of the building of our first railway.

MR. LEWIS: They had to undertake to build a railway but it was a grant from the people of Canada to those who were building the railway.

HON. MR. McLAURIN: Those old boys pretty nearly went bust and pretty nearly went to jail at that time. I do not think they would say they got it for nothing.

MR. LEWIS: They may have gone bust for another reason.

HON. MR. McLAURIN: Sir John A. Macdonald risked his political future for about ten years or so.

MR. LEWIS: Oh, don't misunderstand me. It was a great undertaking, and it was one of the pioneer tasks that Sir John A. Macdonald and other pioneers of Canada undertook and carried out in a way which we who followed them can admire.

HON. MR. McLAURIN: But turned out to be very, very profitable.

MR. LEWIS: All I am pointing out is that I think it is historically correct to say that the C.P.R. is now making a very considerable amount of money each year, and presumably will make a greater amount of money in the years to come, from land which was granted to it by the Canadian people.

MR. SINCLAIR: In exchange for obligations.

MR. LEWIS: I would hope so; I would hope that the Canadian people would not make any grant without putting obligations on those who are the recipients of them.

THE CHAIRMAN: The situation is very clear, if you read the legislation and the contract of 1888. It is a well known public record.

MR. LEWIS: That is right, sir.

BY MR. LEWIS:

Q Where did the shareholders of the Canadian Pacific get the money to put into "other interests" in Canada?

A It got it from withholding money that could otherwise have been distributed to the shareholders legitimately, and the directors acting in the best interests of the shareholders used a certain amount of that money to make what proved to be prudent and wise investments.

Q And they had this money which they withheld and wisely and prudently invested out of the railway operations which were first established. Is that not so?

A I have not sufficient knowledge of the company's accounts to say what came from railway operation and what came from other income.

Q Originally it was the railway operation, was it not?

A I am not sufficiently familiar with the accounts to make a positive answer to that.

Q I suggest to you, Mr. Gossage, I put it very bluntly, that the habit of the Canadian Pacific Railway in coming to boards and commissions and separating the railway operations from the point of view of the capital needs of the C.P.R. is not justified by the very considerable profits it makes on its operations.

A That is not a position which I can accept.

MR. SINCLAIR: I think I should say that in separating rail and non-rail it is

merely complying with the law as set out in the Railway Act with which apparently my learned friend is not familiar.

MR. LEWIS: I am familiar with it, and there are certain purposes for which the separation is needed. I appreciate my learned friend's client would want to know what is happening in the railway operations. I am suggesting to the witness that to separate them and cry havoc about an institution which is so powerful as the Canadian Pacific Railway in an issue like the one before this Commission is not justified.

THE CHAIRMAN: Well, Mr. Lewis, I suppose, after all, the situation that you are discussing is not new. As you say, it does arise in other places periodically, but the facts are clear. The railway company operates a railway and other enterprises, and the revenue from the railway operations and the other enterprises are separated in a sense from the standpoint of sources, and the railway says, in matters of this kind, and in rate fixing, and so on, the attention ought to be put on revenue from rail operations, and the other put aside. You say that you do not agree with that, but I do not think you can get the witness to go much further in agreeing with your point of view. We all understand it.

MR. LEWIS: I understand that. I do

not expect that, Mr. Chairman.

MR. SINCLAIR: I would like to respectfully suggest to my friend that in asking questions he should not make speeches.

THE CHAIRMAN: Well, we understand that too, Mr. Sinclair.

MR. LEWIS: As a matter of fact, I do not remember whether I made a speech in asking the question; I made a speech in reply to the comment by my friend. I remember that.

THE CHAIRMAN: I suppose that is the only basis on which comment by counsel is justified, Mr. Lewis. However, I think we can proceed now.

BY MR. LEWIS:

Q If my notes are correct, I think you have informed my friend that since 1949 you have invested in rail operations \$300 million?

A I think it was \$280 million -- no, since the beginning of 1949 just over \$300 million.

Q And have you any idea of the further program of investment for the next four years until your dieselization program is completed?

A No, I am not in a position to make any statements as to that; that is not within my competence.

Q Have you any idea of the order of it?

A No, I have not.

Q Whether or not you are competent?

A No, I am afraid I have not got an idea of the order.

Q In Exhibit 17, Mr. Gossage, you give the permissive earnings by the Board of Transport Commissioners in the first column headed, "Requirements as to amount." Under that heading you have arrived at the permissive earnings permitted by the Board of Transport Commissioners?

A That is correct.

THE CHAIRMAN: What exhibit is that?

MR. LEWIS: Exhibit 17, sir.

BY MR. LEWIS:

Q In that, as I remember it, you informed the Commission that there was provision for something like \$15 million as the surplus?

A \$15,235,000.

Q \$15,235,000 over and above the provision for dividends on preferred and common stock?

A That is correct.

THE CHAIRMAN: And interest on fixed debt.

BY MR. LEWIS:

Q And interest on fixed debt. I have not had time, Mr. Gossage, to look through the decisions of the Board of Transport Commissioners since this evidence was given, but do you recall what the Board of Transport Commissioners' explanation was for that surplus?

A No, I would not like to attempt to quote the reason of the Board of Transport Commissioners. I am not in a position to be that familiar with it.

Q If you do not recall it I will not press it. Now, will you be good enough to turn to Exhibit 19? I have a very simple question on that exhibit, Mr. Gossage. I refer to the first column, "Capital and retained earnings for the C.P.R." Is that composed of share capital only?

A That would be outstanding obligations. It would include debt capital as well as the share capital.

Q **It** would be bonds as well as the shares?

A Yes.

Q I just wanted to be sure of that because the Bank of Canada figures include both bonds and stock.

A These figures were prepared to be directly comparable with the Bank of Canada basis.

BY HON. MR. MARTINEAU:

Q How do you arrive at the book value?

A The value of the common shares, you mean the book value?

Q Do you calculate book value?

A No, sir; the book value would be calculated-- I think I would rather get an authoritative statement for you than give it offhand because it would be more accurate if I could

get that as an authoritative statement.

Q Your common shares have no par value?

A They are no par value; but the book value would represent roughly the shareholders' proportion.

Q How is it that this figure represents your obligations and also the share obligations? I want to know how you calculate your share obligations.

MR. SINCLAIR: Well, sir, if I may say this subject to check, this is the net investment figure. As the Bank of Canada does, these are worked off the balance sheets.

THE CHAIRMAN: Then, the word "capital" means net investment. The heading means net investment including retained earnings?

MR. SINCLAIR: Yes.

HON. MR. McLAURIN: Net investment earnings; I do not know too much about this. Does net investment enable you to finally ascertain the break-up value of the common and ordinary stock?

MR. SINCLAIR: Yes, it could be worked out, sir, off the balance sheet. When the Bank of Canada prepared this material they did so from the audited statements, and it is financially built from the left-hand side and the retained side of the balance sheet, and the Canadian Pacific figure is on the same basis. The Canadian Pacific stock is a par

value stock, sir, but, as you know, no doubt, that concept of par value in financial matters is not recognized and has not been for some years except for specific purposes, and the figure that is used is actual investment in these calculations.

THE CHAIRMAN: In other words, if one wanted to know today the break-up value of common shares of the Canadian Pacific Railway one would take the figures in this first column and deduct the debt item which is in these figures.

MR. SINCLAIR: When you use "break-up value" as a going concern value -- this is book value -- going concern value would be very much higher per share than you would get on that basis.

THE CHAIRMAN: This break-up value is book value basis?

MR. SINCLAIR: That is right.

THE CHAIRMAN: Then, we would take those figures and deduct the debt figure out of that and divide the remainder by the number of shares?

MR. SINCLAIR: Yes, calculated at \$45 to \$50 a share.

THE CHAIRMAN: That is not necessarily the market value even on a break-up basis?

MR. SINCLAIR: On a break-up basis it would be substantially higher than that, and on a market basis it is lower. Your break-up value is high; the book value, because of the market value, less, as the witness said.

HON. MR. McLAURIN: That is very common in any stock you take off the board.

MR. SINCLAIR: Sometimes it turns the other way and you feel a little sick. I do not think you could get that pattern in too many of these.

HON. MR. McLAURIN: You would not; I do not know. I think we have almost forgotten about the firemen.

BY MR. LEWIS:

Q With regard to Exhibits 20 and 22, Mr. Gossage, would you say that the railway has not gained anything at all from the developments that are reflected there in increased business?

A Nos. 20 and 22, did you say?

Q Yes.

A I do not see the relevancy. I do not quite understand what the reference is to 22 in that question.

Q They are both related, that is why I put them together. I suggest to you, Mr. Gossage, that what you have there is necessarily the result of the progress and the improvement in the economy of Canada. You can deal with Exhibit 20 alone, if you like.

A Exhibit 20 illustrates the development of competitive means of transportation, competitive with the railway.

Q Yes?

A The fact that tonnage has been rising for all of these agencies of transportation is a measure of the development of Canada. The fact that it has been rising more slowly with the railways than with other methods is a measure of the development of competitive power in those alternative methods of transportation.

--

--

--

Q I agree, but I am asking you has not the railway benefited from this progress in oil and in all the other things that have taken place in Canada?

A Well, the railway has benefited from the development of Canada but it has not benefited as much as the competitive methods of transportation.

Q I cannot help asking you, Mr. Gossage, is it your complaint then that the railway has not a sufficient monopoly over the modes of transportation in Canada?

A No, the complaint is that the railway is faced with unnecessary costs which should be eliminated to allow it to compete more effectively.

Q Now in Exhibit 23 -- the only thing there was that I might have misunderstood something you said and which could be cleared up in a moment. I heard you say yesterday that grain represented a quarter of the total business that is done by the railway. Presumably you meant in ton-miles?

A I said in volume all the time. Unfortunately it is not in revenue.

Q Do you recall what proportion of your gross revenue that quarter of your volume represents?

A It is shown on the statement -- just about 10 per cent; 9.8 per cent to be exact.



MR. HUGHES: That is an average figure?

THE WITNESS: Yes, that is an eight-year average.

BY MR. LEWIS:

Q Finally, Mr. Gossage, what have been your annual savings as a result of your dieselization program? Did you make any calculation on that?

A I am afraid I do not have that figure accurately available right here.

Q It is available, is it?

A Oh, I presume, maybe, that it is available -- that it can be made available.

MR. SINCLAIR: That I know something about; it is quite a figure to take off. There is some reference to the figure which I think my friend is looking for on page 6 of Exhibit 26. That will give a cumulative saving figure. I think that is the figure that is referred to.

THE CHAIRMAN: Haven't we an exhibit that estimates this?

MR. LEWIS: The savings by the elimination of the firemen and helpers is estimated in that exhibit, but I am asking for the figure of the total saving as a result of dieselization.

MR. SINCLAIR: As I say, page 6 of Exhibit 26 gives a cumulative figure. It is quite a job to calculate that on a yearly basis.

MR. LEWIS: Would you read the relevant part into the record, Mr. Gossage, please?

THE WITNESS: This is reading from the middle of page 6, third paragraph, last sentence:

"It is estimated that through this investment there is being effected a saving in transportation expenses of approximately \$18 million per annum and a reduction in current locomotive repair expenses of about \$6 million."

BY MR. LEWIS:

Q Would that mean that your total savings annually out of your dieselization program would be the sum of those two, namely \$24 million?

A If I refer to the sentence previous, it says:

"The total of our investment in diesel locomotives and the facilities amounted to \$110 million at the end of the year. The saving resulting from that investment was a total of \$24 million **according** to the annual report."

MR. LEWIS: Thank you, Mr. Gossage.

EXAMINED BY MR.:SINCLAIR:

Q There is just one question I want to ask. I think my friend Mr. Lewis put a question to you and suggested **some surprise that a comparison** should be made between the Canadian Pacific and such industrial



groups as autos and steel. Do you remember that question?

A I do.

Q What had been your experience when dealing with the firemen's brotherhood or any other of the railway labour organizations? Did they make comparisons with labour rates in autos and steel?

A The comparison of wage rates with industries such as automobiles and steel is made frequently in various cases **with** which I have been associated.

MR. HUGHES: Mr. Mundell and I may from time to time have a few questions to put to some of the witnesses. I merely wish to make this statement, that we hope not to favour one side or another in this matter, but any questions which occur to us, or which we think might be relevant or helpful to the Commission --

THE CHAIRMAN: You can always assume you are persona grata; are there any questions you wish to ask of this witness?

MR. HUGHES: There are one or two.

MR. LEWIS: I cannot hear my learned friend.

BY MR. HUGHES:

Q Mr. Gossage, in my limited research into this matter, from rather limited sources, it has come to my attention that the practice with respect to the employment

of firemen or helpers on diesel locomotives is uniform in the United States and Canada. Is that correct?

A The present practice is not entirely uniform. Firemen are not employed in Canada on multiple unit rail diesel cars. In the United States, under the agreement of the United States carriers, firemen have been employed on Budd cars operated other than as single units.

Q Is it correct that the dieselization program occurred first in the United States?

A The dieselization program reached volume first in the United States. I make an exception for the Canadian National experiments in the twenties.

Q It **has** also come to my attention that as far back as 1937 an agreement was entered into between the American railways and the brotherhoods requiring the use of firemen helpers on diesel locomotives?

A That is correct.

Q Could you tell the Commission, generally, the history of these negotiations in the United States?

A I will, of course, be speaking only from second-hand knowledge. I can give you a general outline of what I have read, if that is satisfactory.

MR. SINCLAIR: We are not trying to

hold anything back. I intend to call someone from the United States who is completely familiar with this.

THE CHAIRMAN: Would not that be a better way to get this information?

MR. HUGHES: It might well be.

BY MR. HUGHES:

Q Now, Mr. Gossage, I would just like to know the attitude of the Canadian Pacific Railway Company at the time the 90,000 pounds of exception on traffic was created. Could you tell us what were the reasons for that exception?

A There were two aspects to that, and I will explain them to you. One was the operation of what was known then as the gas-electric car, now including the diesel cars, which it was essential to the company to protect; it had successful experience of operation with such units and wished to be able to continue them, and it was very glad to secure any modification of the requirement of firemen on the diesels in the yard service which was covered by the 90,000 pound rule because they were able even then to have the opinion they would be feasible and satisfactory.

Q Can you say whether or not the argument concerning safety was a prevailing influence in inducing the railway company to enter

or employment of helpers on diesels?

A As I said before, I did not sit in on the actual negotiations, but from the files I had I see no inference that the arguments were conducted on a basis of safety.

Q Could you suggest any other reason for the use of helpers on diesel locomotives?

A The only reason I can suggest is the protection of the employment of people represented by the particular union.

Q Can you say whether or not at the time your company agreed to the diesel rule that was taken into account?

A Of course at that time, as I think I said in my evidence, we had no experience with the operation of diesels in road service and our experience in yard service, while growing, was still limited as compared with our present experience.

Q With regard to these Budd cars, I understand they are operated without firemen?

A That is correct.

Q Is there anything in the method of their construction or of their design which would make it more safe to operate one of these cars than to operate an ordinary diesel locomotive?

A The view from a Budd car is, I would say, comparable with the view from the A-unit of a diesel, but there is a difference

with regard to operating with one man in the cab that there is access to that cab for other members of the train crew directly, whereas on the diesel locomotive there may not be access between the cab and train crew. That would control the operation with one and two men in the cab.

Q Would that be in your opinion a factor involved in the question whether or not it is safe to operate diesels without helpers?

A Not necessarily. It would be a factor as between one man and two men on road service, having in mind that what we are concerned with at present is the operation of three men in the cab.

BY MR. MUNDELL:

Q I have just one or two questions to ask, if I may. I will try to avoid repetition. I would like to associate myself with Mr. Hughes' remarks. We shall try to be impartial. Your Lordship has intimated that we shall be denied the right to claim to be amici curiae because he said we could not be considered to be a court. Possibly, we should be satisfied if, at the end of the hearing, our status is that of curious amici.

Mr. Gossage, on Exhibit 7, the various statements of duties, why were those dates selected for those statements?

A They are the dates on which agreements were negotiated and effective.

Q And this is a complete history of the changes?

A As far as I have been able to ascertain from the company's records.

Q In 1949 you mention that certain instructions had been issued for the operation of diesels in service. Could we have a copy?

A They were mentioned by counsel for the employees. I am not in possession of a copy of this and I am not acquainted with this particular issue. There were instructions issued in 1949.

Q And you distinguish this from a bulletin?

A Yes. These were instructions.

Q Would it be possible to have a copy?

MR. SINCLAIR: I will call a witness who will deal with that in full.

MR. MUNDELL: Will he deal with where they were issued, and their duration?

MR. SINCLAIR: Yes. We will deal with the change of the duties.

BY MR. MUNDELL:

Q Coming to arbitraries, I am not sure I am very clear on this, but I would like to put my understanding to you; check me if I am wrong. I am called for duty as a fireman at some point of time. Do I sign a book and is the time recorded when I book in?

A You would sign a book and fill in the information required.

Q Including the time I report?

A Speaking from recollection -- I am not absolutely certain -- I think it probably does. But I am not sure; it might not. I do not think it does include the actual time the book is signed.

Q I don't care what kind of locomotive it is, but assume the arbitrary is 30 minutes. I report to my engine. Does the engine leave the shop track before the 30 minutes are up? Do I leave earlier, supposing everything is completed, or does the train wait out the 30 minutes?

A The time the engine is ordered for is the time it has to leave the **shop track** and the **crew report 30 minutes before that time.**

Q You say the actual time is counted from the time it leaves the shop track -- after it passes the appropriate signal?

A That is right.

Q How is that recorded?

A The time of the shop track is the time ~~taken~~^{ordered}; if he is delayed after that he is still paid on another basis on actual time; and the conductor is required to record the time of passing the ~~outdoor~~^{outer} terminal switch.

Q And the final inspection at the other end?

A They would have to record, again, the time of passing the main track terminal switch and the time of their arrival at the shop track.

Q The conductor records that?

A He books that. He books the train in at the final terminal.

Q When it comes down to the final inspection, who records that time?

A The final inspection is an arbitrary.

Q Then, prior to the commencement of that?

A The engine is placed on the shop track and the engineer books in and I think he books in the time of arrival at the shop track.

Q That is recorded?

A I think the engineer books in his time.

Q How are these times recorded? I was just wondering. On the company's proposals, you say you want to put the charge on the basis of time. Actually it seems to me that you are just going to have a standard arbitrary for each point instead of a general arbitrary.

A There would be an allowance at each point related to the conditions at that point and the knowledge of the service; it might be different in run through and shop track.

Q Isn't this just a series of individual arbitraries?

A These would be allowances. If there were

changes in conditions that created any major change subsequently, those allowances would be changed to reflect those changed conditions.

Q But as far as the operation is concerned, I would report 15 minutes before my engine was due to leave the shop track?

A There would be at each terminal a stated time to avoid trying to account for every individual --

Q It is hardly accurate, then, to say it is going to be time actually worked in all instances?

A Not for a particular engine, but it would be based on a study of what was actually done at each terminal.

Q I suppose it could be said it would be an individual arbitrary?

A It would be directly related to the work performed, and an element of arbitrariness would be removed.

THE CHAIRMAN: Have you many more questions, Mr. Mundell?

MR. MUNDELL: Only three or four more.

THE CHAIRMAN: Then I suggest you reserve them until five minutes past two.

---The Commission adjourned at 12.35 p.m.
until 2.05 p.m.

The Commission resumed at 2.00 p.m.

MR. S.M.GOSSAGE, Recalled.

BY MR.MUNDELL:

Q Referring to arbitraries, Mr. Gossage, as I understand it, your proposal is that you will establish new set of specifications -- whatever you want to call the arbitraries, for the sake of argument -- for each specific point, and that would be related to what you would say would be a more realistic basis?

A I don't know that I would agree entirely with that description, but the principle we are working on is that we should pay for the time required on duty.

Q Why not book him in and pay for that time?

A That is exactly what we propose to do. What would really happen is that initial terminal delay instead of starting at the time the engine leaves the shop track would start at the time the men are required to report for duty.

Q You would take the actual minutes?

A Yes. At the time we would require them to report for duty; we would order them for the time we required them, and instead of it being the time the engine left the shop track, it would be sufficient time, which we would establish for our own satisfaction on the basis of what we were required to do at each point. We would

Mr. S. M. Gossage

establish that for the guidance of the company officers. The men would be ordered say for 7.10, on an engine leaving the shop track at 7.20 or 7.25, depending on what the requirement was. If the company required 20 minutes work the engine would leave the track at ~~7.50~~^{7.30}, but the men would be on initial terminal delay. There would be no reason to separate preparatory time from initial terminal delay.

Q I have misunderstood you. The times you have set out in Exhibit 15 are what you estimate to be the times?

A They are partly an estimate.

Q And a man would for instance, book in at 7.10, and you would take his time from there to the final signal and pay for that?

A Yes; the time he was out and away, which again would probably be related to a study of the requirements. That might be on an actual basis and it might be a study of the requirements, according to what proved satisfactory.

Q He would be paid on the minutes involved.

A He would be paid on the minutes involved. That is quite correct. That would form part of the final terminal delay. There would be no need to specify anything about preparatory or final terminal inspection.

Mr.S.M.Gossage

Initial terminal delay would start at the time the man was ordered to report, and the final terminal delay would end at the time he booked in -- that is according to the technical term, the last act before leaving the property.

Q On Exhibit 15 the savings related to arbitraries are calculated on the basis of your estimate?

A That is an estimate of the average amount of time to be added to the initial and final terminal delay.

Q And this savings is calculated on that basis?

A Yes.

Q Now, just one question about the total savings. These total savings are calculated on the basis -- and correct me if I am wrong -- of the savings that would be effected if you dismissed all firemen now employed on freight and yard service?

A Shall we say if we removed them from the service as such.

Q That is the total ?

A The men who are displaced by lack of work are not dismissed; they retain their service rights whether or not they are given alternate employment.

Q Is that the company's proposal?

A I am not in a position to make the company's specific proposal, because that is a matter

Mr. S. M. Gossage

outside of my competence.

Q What I am getting at is, is this simply the figure for the firemen now employed by your company in these services?

A Yes.

Q And that represents the saving?

A It does not mean that if this were made effective on October 1st that that saving would result as from October 1st. That would depend upon the basis on which it was introduced, which is another matter - it is another part of the inquiry, as I understand it.

Q It might not result in a saving for some time?

A That is quite possible.

Q Coming now to the differentials, there are one or two questions I would like to ask you. You may have told us this, but when^{were}/they first brought in.

A The mountain differentials, frankly I cannot give you the exact date. The earliest agreement I have examined was in the 1890's, though a different rate was paid on mountain territory and a different rate in valleys to what was paid on the prairies.

Q You gave two or three reasons which appeared to account for them. Can you document those?

A No, I cannot.

Mr. S. M. Gossage

Q Are these just impressions?

A They are impressions, and general understanding of the people who dealt with them. There is to my knowledge no documentary evidence that says this rate was established for this reason.

Q I think it has been suggested that there was a great deal of risk involved in the mountain territory, would that be correct?

A That may have been at one time, but that could hardly be the basis now, because in the case of firemen, their injury rate in the British Columbia district, the Pacific region, is lower than it is on the prairie region.

Q In any event you can't document the reasons?

A No.

Q I am not clear on what the company was putting forward as to their reducing^{to} the valley differentials. I am not quite sure of the reasons.

I believe you mentioned two or three; you said the reasons that impressed you as being the original ones are now gone. Then you also mentioned the fact that they^{have} heavier locomotives now, and the men got a higher rate because of that.

A Yes.

Q Is it^a combination of all these things?

A You mean why the valley differential should be maintained?

Q Why the mountain differentials were reduced?

A Because the reasons that originally governed

Mr.S.M.Gossage

mountain differentials, that is the principal reason , was the hard work on heavy grades and the slow rate of speed. Now the hard work has gone; the firemen on diesels have no work as such in the sense of physical labour, and the time over the road has improved greatly as a result of diesel locomotive.

BY THE CHAIRMAN:

Q In that answer, Mr.Gossage, you might keep in mind that the third question we are dealing with, as I understand it, is not limited to firemen; it covers the whole crew.

A As I understand the terms of reference this is concerned only with firemen. Undoubtedly, as I have said, the company's stand with the engineers was that it should not press the matter with them, when it was before the Commission.

Q I suppose that is right. That was my original understanding. The terms of reference provide: "(c) should the provisions in the present agreements between the Railway Company and the Brotherhood --" that is this union?

A Yes.

Q But, something was said yesterday that changed my thinking...

MR. LEWIS: Mr.Chairman, it refers to steam as well as diesel, and passenger as well as freight. Was that the point?

THE CHAIRMAN: Yes, but there was something

Mr.S.M.Gossage

which got me thinking --

Mr. SINCLAIR: Mr.Chairman, if I may,
I think what you had in mind was what Mr. Lewis
was asking the witness about the provisions for
the mountain differential and arbitraries in agreements
with other brotherhoods than the firemen. I think
the questions here/ⁱⁿthe light of the preamble limit
the whole commission to the questions that arose out
of the firemen's dispute.

THE CHAIRMAN: As I say, that was my clear
understanding when I came in here Monday morning;
it is now again my clear understanding in view
of the way the question itself reads. But there
was something took place here yesterday that got
me off the track.

Mr. SINCLAIR: I hope I was not responsible
for it Mr.Chairman.

HON.MRMcLAURIN: I think Mr.Lewis was
responsible, because he brought out the fact that
the company made a deal with the enginemen.

Mr. LEWIS: Yes, that the company had made
a deal.

HON. MR.McLAURIN: You did not want us to
forget that.

MR. LEWIS: It was merely the fact that
the company has already made a collective agreement
with the other running trades in which the arbitraries
and differentials have been retained.

THE CHAIRMAN: I was off the track, Mr.
Lewis, but I hope I am back on it now.

BY MR.MUNDELL:

Q You mentioned this morning the justification for removing the valley differentials being the fact that with heavier locomotives --

A Do you mean the mountain differentials?

Q Yes.

A Yes, that is a factor; but, that is not a justification for removing them. It is something that makes the removal much less painful to the people concerned.

Q It is not a reason?

A No; that is merely a factor in regard to its effect on the employees.

Q I think that is all, thank you.

MR. SINCLAIR: The next witness is

Mr. John Shepp.

JOHN SHEPP, sworn,

EXAMINED BY MR. SINCLAIR

Q Mr. Shepp, you joined the service of the Canadian Pacific Railway in 1911 as a call boy. Is that correct?

A That is correct, sir.

Q And shortly after that you resigned and went back to school and re-entered the service when?

A In 1918.

Q As a what?

A As a yardman.

Q That was where?

A At Winnipeg.

Q Where do you presently reside, Mr. Shepp?

A Vancouver.

Q And after you worked as a yardman in Winnipeg where did you go from there and when?

A I transferred to Calgary as a yardman in January, 1919.

Q So you worked one year at Winnipeg as a yardman and then transferred to Calgary?

A I did not work quite a year at Winnipeg. I joined in the fall of 1918 as a yardman.

Q When you went to Calgary in 1919 what jobs did you have then?

A I worked on all the assignments in the yard at Calgary. When I went to Calgary in 1919 I worked as a spare yardman in Calgary on whatever assignments I was called for.

Q Yes?

A And subsequently I worked as a regularly assigned yardman on some of the assignments and later as a foreman, as a spare foreman on practically all the assignments.

Q And later as a permanent foreman?

A Later as a permanent foreman.

Q And what was the next move that you had in the service of the company?

A In 1927 I was appointed assistant yard master in Calgary at a location at the east end of the yard where all trains for furtherance were made up.

Q Between 1919 and 1927 did you work as a yard man and yard foreman continuously at Calgary?

A Yes, I did.

Q In 1927 you were appointed a yard master. How long did you hold that position -- assistant yard master, I am sorry.

A I held that position for quite a number of years but I changed around on various other positions as an assistant yard master. In May, 1927, I took complete charge of the night operation at the freight yard which included the entire terminal, between the hours of 10 p.m. and 8.a.m.

Q What was your next promotion after 1927?

You were assistant yard master in 1927 and you remained that for how many years?

A I remained that until 1929, and then I was assigned to the relieving of yard masters and station masters, relieving regularly assigned yard masters and station masters on their days off, and I continued in that capacity until 1932, and in that capacity it gave me an opportunity of keeping well informed of the work that was going on in each location within the terminal.

Q What did you become in 1932?

A In 1932 I took charge of the West Calgary yard.

Q What is that?

A That is a yard which has about eleven yard areas in it which are designated alphabetically, and it is totally an industrial yard and it has approximately 125 industrial spurs. I remained in that capacity until 1942.

Q So you worked for approximately ten years in industrial switching as an assistant yard master?

A That is correct.

Q In Calgary, assistant yard master?

A That is correct.

Q Is that an inside job or is that an outside job?

A Well, it is mostly -- about 30 per cent of it

is inside and the balance is circulating around.

Q On the ground?

A On the ground.

Q And in doing that would you see crews working?

A Oh yes, yes, very often.

Q And supervise them?

A Yes, particularly when it was necessary for me to contact them in order to give them instructions.

Q What was the next step in your experience?

A In January, 1943, I was appointed general yard master at Calgary which gave me supervision over the entire terminal.

Q Including the yard operations conducted there?

A Including all yard operations.

Q It is all yard operations?

A Yes.

Q Anything significant in that term of your duty, Mr. Shepp?

A Well, it was during the war years and there were many special attentions that had to be given to traffic that was moving, particularly war materials, and also because of the labour situation. We had a little difficulty getting experienced yard employees.

Q What kind of yard employees?

A Yard foremen.

Q Yard foremen?

A Yes.

Q Now, when was the next promotion or move, Mr. Shepp?

A In 1945 I was transferred to Vancouver as general yard master.

Q You left Calgary in 1945. When is the last time you have been on the ground in Calgary in connection with making observations of switching operations?

A I was in Calgary and made some observations last November.

Q How long?

A About 14 to 15 hours.

Q That is 14 to 15 yards?

A Hours.

MR. LEWIS: Hours.

BY MR. SINCLAIR:

Q Fourteen or 15 hours on the ground?

A On the ground.

Q You said in 1945 you were promoted to general yard master at Vancouver?

A Yes.

Q Any special significance to that, any difference from your work in Calgary?

A No, not particularly. There were a few little things that were necessary to reorganize in Vancouver, the difference, of course, between Calgary being that Vancouver is a waterfront area and in that direction the switching may be a little more exacting than it was in Calgary.

However, it is the same regardless of where you go.

Q And is the yard lay-out the same or are there differences? If my friend will permit me, Calgary is a hump yard, is it not?

A Calgary is a hump yard, yes.

Q A manual hump yard?

A A manual hump yard.

Q And is Vancouver a hump yard?

A No, Vancouver is not a hump yard.

HON. MR. MARTINEAU: What is a manual hump yard?

MR. SINCLAIR: Here is the expert.

BY MR. SINCLAIR:

Q What is a manual hump yard?

A A manual hump yard is a slight hill that is constructed in the area between the receiving yard and the classification yard and the cars are pushed to the apex of this hill where they are detached and allowed to run down on their own momentum controlled by yardmen who ride them to the various destinations to which they are directed.

What other kind of hump yards are there?

A There are the modern retarder hump yards which operate on the same principle but they do not have riders or switch tenders, those factors being electrically controlled.

Q Now, you were general yardmaster at Vancouver from 1945, and during your period as general yard master there did you have any special assignments that you wish to refer to?

A Yes. In 1946 I was assigned to special duties partially as a member of the negotiating committee to negotiate one of the running trades agreements.

Q Which one?

A It was the trainmen in connection with yard masters.

Q The yard masters' agreement. What else did you do?

A I was assigned to make observations on various American lines in order to determine whether or what effect some of the later innovations that had been applied to yard office methods and yard methods, which innovations we were not able in Canada to take advantage of because of the shortage of materials during the war years.

Q For instance, just given an example so we can have it in mind. Just give me one?

A Well, an example was the teletype system as it applied to the handling of traffic through yards and also the effect of the talk-back systems which they had applied throughout the American yards.

MR. LEWIS: I did not hear the last one.

MR. SINCLAIR: Talk-back systems.

MR. LEWIS: You mean by the employees.

THE WITNESS: Loudspeaker systems.

THE CHAIRMAN: Not backtalk.

MR. SINCLAIR: We will have evidence about a yard working with a talk-back system later, sir.

BY MR. SINCLAIR:

Q Did you study hump operations in the United States?

A Yes, I studied retarder hump operations and gained considerable knowledge which was particularly useful in the development of our present retarder hump yard in Montreal.

Q Cote St. Luc?

A Cote St. Luc.

Q Were you a member of the committee that was dealing with the development of Cote St. Luc as a terminal?

A Yes, I was.

Q What was the next step in your career, Mr. Shepp?

A In 1946 I returned to Vancouver as assistant superintendent.

Q Assistant superintendent of?

A Of the Vancouver terminals.

Q The Vancouver terminals.

A Which included Vancouver, Coquitlam and the New Westminster area. I had jurisdiction over all the yard and transfer movements within that area.

Q Including connections with the United States lines?

A Including connections with the interchanges within the city.

Q What lines does the Canadian Pacific Railway connect with there?

A In Vancouver, the Great Northern.

Q And the Milwaukee?

A No, the connection with the Milwaukee is out on the line.

Q What was your next step, Mr. Shepp?

A In 1950 I was appointed superintendent of the Vancouver division.

Q What is that?

A Which included the territory on the Cascade subdivision between Vancouver and North Bend and the territory on the Thompson subdivision between North Bend and Kamloops, including the Kamloops yard.

Q The Thompson and Cascade subdivisions, including the Kamloops yard, and also including the terminal at Vancouver?

A Also including the terminal at Vancouver and also the Mission subdivision at which point connection is made with the Northern Pacific and the Milwaukee Railways.

Q And your next step in your career, Mr. Shepp?

A My next -- last January I was appointed supervisor of labour relations for the Pacific region.

Q With headquarters where?

A With headquarters at Vancouver.

Q What are your duties in that position?

A I deal with the various labour agreements that are in effect and I am also in an advisory

capacity to the company's officers over the system in connection with matters dealing with yards.

MR. LEWIS: Is that last January?

MR. SINCLAIR: That is right.

BY MR. SINCLAIR:

Q About how many years have you been engaged in yard work, Mr. Shepp?

A About 39 years.

Q Maybe you could give us a short description of a yard as we will use it in these proceedings in referring to railway operations?

A Well, a yard is a system of tracks, as it is defined in the code of operating rules, upon which trains enter and leave. A yard is a terminal for the train and engine crews from which their trip begins and where it ends when they arrive. Yards are usually designated by alphabetical symbols as respecting the areas in the yards. For example, in some yards "A" may be the symbol for the receiving yard whereas in another yard "A" might represent the industrial section of the yard. However, they are designated that way so that the yard officers are familiar with what is going on in each section and area of the yard, and also for the information of the various personnel working within the yards.

Q Is there any difference between passenger yards and freight yards?

A Passenger yards are usually separate and are designated as passenger yards.

Q Now, who does the switching in these yards, what kind of employees?

A The switching is performed by yard crews which are designated as a yard foreman and two helpers on the ground. They are the ground crew, and then an engineer and firemen who are designated as the engine crew.

Q Now, you say that switching is done in yards by yard crews. Is that always so?

A In the larger yards that is always so. The work in the yard is performed exclusively by yard crews in so far as yard work is concerned. In the smaller yards some of the work in the yard may be performed by road crews.

Q Now, in a normal yard operation how does a yard crew know what to do? How do they start out and how do they carry on their work?

A Yard crews work under the supervision and direction of yard masters. The yard master in yards has a staff in the yard office, and normally when a freight train arrives the track upon which he is to enter in the yard is designated to him by the yard master, and after the train arrives the yard office staff take over and from the billing that the conductor delivers respecting the cars that he has --

Q That is a conductor on a road crew?

A The conductor on a road crew.

Q He delivers the bills to the yard office?

A To the yard office and from those bills a destination card is usually prepared and that card is attached to the car, to each car that is on that train.

BY THE CHAIRMAN:

Q Physically attached to the car?

A I beg your pardon?

Q Physically, actually attached to the car?

A Actually attached to the car, sometimes by tacks where there is a wooden board, and other times there is a wire receptacle attached to the car to accommodate the card. For example, if the car contained a commodity for a local industry and if in that particular territory "A" was the symbol for the area in which this car was to be delivered -- we will say, for example, in Vancouver where we have symbols by name, Homer, Homer Street is an industrial area and the printing on the card is "Homer".

BY MR. SINCLAIR:

Q Sometimes is it chalked on with a piece of chalk, "Homer", "A", "B"?

A Sometimes the yard foreman may chalk it for his own information. However, if a card is applied then it would show the name of the consignee. It would show the number of his door on Homer Street. If it was door 50 it

would show door 50, Homer, and the yard crew handling that car would know that that is the ultimate destination of that car.

BY THE CHAIRMAN:

Q What is the door that you have referred?

A It is the unloading door in that warehouse.

BY MR. SINCLAIR:

Q It is where the car is spotted?

A Where the car is spotted.

Q And in addition to these markers on the cars, does the yard foreman secure any other --

A Yes, he secures a switch list from the yard master.

Q Now, what is a switch list?

A A switch list is a list of instructions to him showing the numbers of cars that he has to handle and switch out of other tracks and deliver them to whatever destination the cars are to be forwarded to.

Q Where does the yard foreman get the switch list?

A He gets the switch list from the yard master.

Q And then what does he do with it after he has read it?

A Then he proceeds to get his engine and go to work to that location.

Q With whom does he discuss it?

A He discusses it with his helpers sometimes. Sometimes he just tells his helpers where

J. Shepp

to go, where to bring the engine.

BY THE CHAIRMAN:

Q Just a minute. The cards are delivered to whom from the office?

A The cards are prepared by one of the office staff clerks.

Q And delivered to --

A And he takes them out and applies them to the cars on the train.

Q And the switch list is delivered to whom?

A To the yard foreman.

Q And is the information on the switch list the same as that on the cards with respect to each car?

A In many cases it is.

Q It may not have all the information?

A It may not have all the information. For example, in some areas the cars for certain sections in the yard are classified on one certain track and each car contains a destination card. The yard master might just say to a yard foreman: "Go down and deliver all the cars, spot all the cars off track B-6". In that case he would not give him a switch list duplicating the numbers of the cars that were in that track because the yard foreman could deliver them from the destination cards.

Q A switch list is an advantage in any cases where a train has to be split up?

A That is correct. A switch list is given where trains have to be split up.

BY MR. SINCLAIR:

Q Does the yard foreman or the yard office give a switch list to the engineman?

A No.

Q To the fireman?

A No sir.

Q How does the engineman know where he is going?

A He works exclusively on signal indication.

Q Given by whom or how?

A Given by the ground crew.

THE CHAIRMAN: Given by what?

BY MR. SINCLAIR:

Q I said by whom or by how.

A By the ground crew.

BY THE CHAIRMAN:

Q Would that be a manual signal?

A Yes sir, it is a manual signal.

BY MR. SINCLAIR:

Q Are there are any fixed signals in yards?

A There are signals that are fixed controlling movements over humps and there are interlocking signals which are fixed.

MR. LEWIS: Which signals is the witness now talking of, manual signals?

MR. SINCLAIR: No, he said fixed signals controlling the hump or fixed signals on interlockers.

BY MR. SINCLAIR:

Q It might be well, Mr. Shepp, I think, if you would just say what kind of switching there is. Is there more than one kind of switching?

A Well, there are three kinds basically. There is one that is normally referred to as flat switching and the other is by means of hump switching, which has already been described.

Q That is two. You said three. What is the other?

A The other is by means of just pushing and pulling without the cars being detached but movements made under the direct control of the exchange of signals.

Q Well, in flat switching and hump switching I take it you are saying that the cars are detached?

A That is correct.

Q They run free for part of the distance on that type of switching?

A Yes, they do.

Q But on what did you call it, shoving and pushing or pulling and shoving --

A That is right, shoving and pulling. That is the common expression.

Q Shoving and pulling, they are placed and then uncoupled? Is that right?

A The movement is controlled by a signal to the location desired and the movement is stopped

completely without any detachment being made until the movement is stopped.

Q Now, generally speaking, Mr. Shepp, what about speed? At what speed are switching moves made?

A It is made at a slow speed of between one to six miles per hour.

Q Does the speed vary with the type of work being done? Is that why there is that variation?

A Yes, it varies with the type of work that is being done.

Q In describing the manual hump earlier, Mr. Shepp, it comes to my mind that you mentioned car riders and switch tenders?

A That is correct.

Q Are there these type of employees at Calgary? Are there now?

A During the time that I was at Calgary and they are employed at present.

Q About how many would there be?

A Well, on the three shifts at Calgary there were on an average ~~of~~ 36 hump riders employed. That would be ten on the morning shift, 14 on the afternoon shift and 12 on the night shift.

HON. MR. McLAURIN: Hump riders.

MR. SINCLAIR: Hump riders.

BY THE CHAIRMAN:

Q You spoke of a yard crew as consisting of a yard foreman and two helpers?

A That is correct.

Q Are these hump riders the two helpers or one of them?

A They are not. Normally the yard crew working with an engine consists of a yard foreman and two helpers but the hump riders work -- they are also yardmen but they work as a separate unit.

Q They are in addition?

A They work with more than one crew. Their purpose in the yard is exclusively that of riding cars up and down the hump and walking back and riding cars.

Q Then they are the people in the manual hump yard who ride the car after it goes over the hump and guide it to its particular track?

A That is correct. It is guided to this track by the switch tender. They just control the car by means of the hand brake to the other cars stationed in the track.

BY MR. SINCLAIR:

Q Now, you contrasted that earlier in your evidence, I think, with a retarder hump yard like at Cote St. Luc. Are there any riders there?

A No, there are no riders.

Q Well now, if the company put a retarder hump yard at Calgary would car riders and switch tenders be needed?

A No, they would not.

Q And if the company did that what would happen to the riders and the switch tenders?

A They would disappear.

MR. LEWIS: Their jobs would.

THE WITNESS: From that service.

BY MR. SINCLAIR:

Q They would disappear from that job, is your answer, is that it?

A Correct.

Q Well, could the company do that under its agreements with the trainmen and with the yard masters? Could they do that?

A Yes, they could. The men would exercise their seniority on other positions within the terminal.

Q Is there anything in the agreement that requires the company to maintain car riders when they are not required?

A Not to my knowledge.

Q Or switch tenders when they are not required?

A Not to my knowledge.

Q Now, you mentioned in answer to the Chairman about a yard crew assigned to an engine. You said it consisted of a foreman and two helpers. How are those helpers designated?

A One of the helpers is designated as an engine follower. He works in close proximity with the engine, and the other is designated as a field man.

Q Field?

A Field man.

BY THE CHAIRMAN:

Q What was the first?

A Engine follower.

BY MR. SINCLAIR:

Q You said the engine follower stayed in -- what did you say, in close proximity?

A In close proximity to the engine.

Q And the field man, what does he generally do?

A He releases -- he works closely with the yard foreman. He releases the hand brakes and applies them where necessary and assists in lining switches.

Q What does the yard foreman do? Does he supervise and that is all or does he actually do some of the switching work?

A He does some of the switching work and gives signals and sometimes detaches cars. He positions himself in an exchange of signals.

Q Do any of these men ride cars in switching movements?

A Yes, they do sometimes.

BY THE CHAIRMAN:

Q In the operation of movements who is the captain?

A The yard foreman is the captain of the movements.

BY MR. SINCLAIR:

Q You said earlier that yard work was controlled by hand signals. How many signals?

A Basically there are three.

Q Yes?

A There are three hand signals. There is the proceed signal, the back up signal and the stop signal. There are many other signals such as car signals, track signals and they are not standard. At various locations there are different methods employed for track signals, for example.

Q You said there are three. There is proceed, back up and stop?

A That is correct, sir.

Q Are there any variations or is it just stop, go forward, go backward? Is that all there is to it?

A Well, there is a slow signal.

Q There is slow, back up, slow proceed?

A Slow proceed, slow back up and a steady signal.

Q Steady?

A Yes, which is employed regularly.

Q Does the speed with which you give a signal or the area of the swing indicate anything?

A Sometimes. If there is a lengthy distance to go the speed of the manner in which the signal is given would give the engineer an idea of the distance he has to go, and in

some cases the engineer is informed orally that we are going to such and such a location. If the distance is considerable the engineer is informed orally and if it is working on a lead where you may be proceeding from track 1 to track 12 it is possible that the track No. 12 signal is given to the engineer so that he can proceed to track 12 before he has to worry about looking for a stop signal.

Q Now, these signals that are given by the ground crew, who starts the sequence of signals if more than one man is included in the sequence?

A Well, it is dependent on what member of the ground crew is at the end of the movement. It could be the yard foreman or it could be the field man.

Q And what happens then? You say it is started by the man at the end of the movement. What happens? He starts a signal. Say it is back up moving into steady. How is that sent down to the people on the engine?

A Well, if the engineer does not have a direct view of the signal other members of the crew position themselves so that the signal can be relayed directly to the engineer and the other members repeat the signal exactly as it is given from the end of the movement.

Q So the man on the tail end of the movement

would start the signal and it would be picked up by the man in the centre who would repeat it exactly the same and then to the engine follower and from the engine follower direct to the engine? Is that what you are saying?

A That is correct.

Q And when did you say that happened when there was a sequence like that? You said that kind of sequence of signals was given when?

THE CHAIRMAN: Just imagine you are in the yard and speak up, Mr. Shepp.

THE WITNESS: I do not quite understand your question, sir.

BY MR. SINCLAIR:

Q Well, are the foreman and the field man and the engine follower always engaged in a sequence? Are the three men always engaged in a signal from the ground to the engine?

A Only when the condition of the movement is such that there is no direct view between the engineer and the point from which the signal is given. If it is a straight track and the engineer can see the signal from the man that is giving it at the end of the string, then there is no necessity of repeating it. He would act on that signal.

Q He would act on that?

A That is correct.

Q But if the engineman cannot see it, then you say what?

A Then it is necessary for the ground crew to position themselves so that the signal is relayed to the engineer before the movement would be started.

Q Would you just describe for the Commission the manner in which the ground crew would exchange signals in a movement where a number of cars are going to be pushed and spotted on an industrial siding?

A Do you want a demonstration of the signals?

Q No, I do not want a demonstration. That is too hard to follow. We are working with the record, Mr. Shepp, and all it would be would be "this" and "that" and it would mean nothing a few weeks from now, I was going to say, when the Commission will be dealing with the record. Just describe what would happen.

A Well, if a movement was being made and a number of cars pushed into a location where there was a curvature or structural obstruction, then the crew would position themselves either by spreading out on the ground or on top of the cars and the man on the leading end of the cars would start the signal and it would be repeated by the other two members of the train crew until the movement -- until the signal was given and the movement

was completed.

Q And who would those signals be given to?

A They would be given to the engineer.

Q And in that sequence does one man start and then the other men follow or are they given simultaneously?

A They are given simultaneously.

Q Is that essential in safe switching?

A Absolutely.

Q Is that a basic thing in safe switching, simultaneous --

A Oh yes, it is very, very important.

THE CHAIRMAN: Somebody has to give the first signal.

MR. SINCLAIR: Quite so, sir.

BY MR. SINCLAIR:

Q How do they start together? That is what the Chairman has in mind. You say that it is essential for safe switching that signals be given simultaneously. The question of the Chairman is that somebody has to start it. Would you explain what you mean by "simultaneous"?

A Well, they are watching one another and the moment -- if, for example, they are giving a steady signal which means that their arm is stretched out to the side and held in a steady motion, the moment that that arm drops that is a stop signal.

Q Would you just say what you mean by that?

THE CHAIRMAN: I think we can follow that.

THE WITNESS: So naturally when the man's arm at the point of the movement drops the others drop theirs simultaneously.

BY MR. SINCLAIR:

Q And who sees that drop?

A The engineer watching the man next to the engine.

Q And what does he do?

A He immediately applies the brake.

Q Is his hand on the brake?

A Absolutely, yes.

Q In switching do these enginemen sometimes have their feet up and their hands in their pockets or how do they operate these engines?

A No. They are with their hand on the brake and their head out the window and they are maintaining that sequence with their eyes as far as a signal is concerned, and the co-ordination of the brake with their hand.

Q When you were describing the steady signal, would the hand dropping, which was a stop signal, steady to stop, when that is done simultaneously by the ground crew what would the engineman do immediately on the drop of the hand?

A He would apply the brake.

Q Would he bring his head in and look?

A No, he has his hand on the brake and he

applies it.

Q Is there a reaction time between the drop of the hand and the application of the brake or is it done quickly?

A It is done quickly.

Q You have said that the ground crew position themselves and give signals direct to the engineman. Are there any exceptions to that?

A There are isolated cases where, due to curvature and obstructions, the signals cannot be given direct to the engineman, the engineer, although I do not know of any such situations in my experience.

Q When you say that do you mean where you were actually supervising?

A That is correct.

Q And where would that include?

A Where I worked or supervised in Calgary or Vancouver.

Q You do not know of any instance of that kind?

A I do not know of any of that kind where signals cannot be exchanged direct to the engineer.

Q Are you saying that in every case signals are given direct to the engineer at Calgary at Vancouver?

A As far as my knowledge and experience are concerned, yes.

Q Never an exception to that, Mr. Shepp?

A Oh, there may be an exception in so far as

convenience is concerned with a light engine, but during a yard movement where cars are attached or a number of cars are being pushed to a spot I know of no locations in Calgary or Vancouver where it is necessary.

Q Where it is necessary?

A Yes.

Q Well, let us see if we understand that.

I asked you whether there were any signals -- they may not be for necessity but for some other reason -- given other than directly to the ^{engineer?} ~~engine?~~

A There are in some instances for convenience.

Q How do you define "convenience", the convenience of whom, the convenience of -- well, leave it there, the convenience of whom?

A Convenience to the ground crew. For example, if a light engine is being put **in** to a track and the switch is on the fireman's side, to avoid walking across the track to give the signal to the engineer in some cases if the fireman is looking the signal could be given to the fireman.

Q But the distinction you make between that and what you said earlier was what, that it is not essential?

A It is not necessary; it is not essential.

Q Would this be a possibility, that sometimes

rather than climb up on a car and give a signal from the top of the car it may be relayed down the left-hand side, down the fireman's side?

A Yes, that could be, yes.

Q How would you describe that, convenience also?

A That would be convenience, yes.

Q And do you know of any instances or can you think of any situations where signals might not be relayed direct to the engineman by the ground crew and in using the fireman they might expedite the movement, speed up the movement, shall we say?

A Yes, I know of one location in Vancouver --

Q Yes?

A -- where that practice is sometimes followed, very rarely, because of the nature of the work in that area.

Q Where is that?

A That is down at the pool elevator in Vancouver where they pull empties out after they are unloaded.

Q And if a signal is given direct to the engineman, would that be possible in that location?

A Yes, it would.

Q But it would not be as convenient or as quick? Is that what you are saying?

A It would not be as convenient when it is

necessary to make a switch.

THE CHAIRMAN: Perhaps this might be a good point to have a break.

--- Recess.

--- On resuming.

BY MR. SINCLAIR:

Q You were mentioning the pool elevator at Vancouver as a place where you say sometimes signals are relayed through the fireman and I think your evidence was that in your experienced opinion that was not necessary but it speeded up the movement? Is that it?

A Yes, that is what I said.

Q And if the fireman was not on that engine how would the crew position themselves to give signals directly to the engineman?

A They would position themselves so that signals could be exchanged direct to the engineer by having the engine follower on the car next to the engine on top. That is the safe way of making a movement of that kind.

Q Why do you say that?

A Because when a coupling has to be made there is a change in the judgment of the ground crew if the signal has to be relayed through another party.

Q If you were going to use the fireman as a signal passer would you have to take any special steps? For instance, as a yard foreman if you were met with the situation where you wanted to use the fireman as a signal passer would you have to take any special steps in the light of the answer you have just made?

A Yes, you would because the prime function of a fireman has never been that of passing signals and in steam operation because of the engineer working with his head out of the window and if any arrangement were to be made whereby an exchange of signals was to be carried out through the fireman, then a pre-arrangement would necessarily have to be made so that the engineer and the fireman are fully informed of what is going to take place.

Q Well, on a diesel, Mr. Shepp, there is no fire for the fireman to fire, so what about that situation?

A The situation is still the same because the engineer normally works with an exchange of signals direct from the ground crew and he is working with his head out of the window so he would have to reposition himself even

on a diesel to take a signal from the fireman.

BY THE CHAIRMAN:

Q I thought from my limited knowledge of diesels that on a yard switcher, for instance, the engineer can see straight ahead or can see straight back without putting his head out of the window but you say he still puts his head out the window?

A Normally he puts his head out of the window.

BY MR. SINCLAIR:

Q Are you talking about a forward movement or a backward movement?

A I am talking about in both directions where there are cars being switched.

Q That is if he is pushing?

A If he is pushing with cars attached to the front of the engine and a switching movement is taking place where starting and stopping is continuous he normally works with his head out of the window.

Q And a back up movement if he is pushing cars?

A The same situation applies.

Q But if he is moving --

A With a light engine --

Q Just a minute. If he ^{is} moving, pulling a cut of cars with ^{the} / cab leading the movement and nothing behind the cab would he have the window open then?

A In most cases they do but it is not necessary. He can see with the windows closed.

BY THE CHAIRMAN:

Q I suppose that on a diesel engine if there are cars in front of the engine and the engineer has his head out the window he can see farther forward?

A That is correct. He has a better view with his head out of the window than he does inside.

BY MR. SINCLAIR:

Q In winter time where the climate is not quite as good as it is in Vancouver and where spring comes later than it does in Calgary, are there any special appliances put on yard engines to facilitate that view of the engineman?

A Well, there are bay windows put on some of them.

Q Bay windows. Do they put a bay window on the fireman's side?

A No, they do not.

Q Now, just describe, Mr. Shepp, how an engine coming out of a ladder track on to the lead --

THE CHAIRMAN: What track?

MR. SINCLAIR: A ladder track on to the lead. How would that movement be controlled?

THE CHAIRMAN: These are terms that are not familiar to me. I do not know about my colleagues.

MR. SINCLAIR: I am sorry, sir.

BY MR. SINCLAIR:

Q Would you describe what a ladder track is and a lead, Mr. Shepp, please? I meant to ask that first.

A A ladder track perhaps can be described as being a straight track from which other tracks lead, that is, they take off from this straight track and the cars, of course, are assembled into the various tracks leading from this ladder track.

Q Maybe I could make it easier. Would you describe a tail track, a ladder or lead track and a yard track. Start in the ordinary sequence.

A Well, a tail track, as it is commonly referred to, is a track that ends at a specified location and it does not run into anything. It is just the end of the track. That is a tail track. A ladder track will commence at one end of the yard from one ladder and it will end at the other end of the yard into another ladder.

HON. MR. MARTINEAU: That is not very clear. It begins as a ladder at a ladder, ends at a ladder and is a ladder.

BY MR. SINCLAIR:

Q Why do they call it a ladder track?

A It is commonly called a lead. Actually the common phrase in the yards is lead, and yet it is a very good expression in so far as a ladder is concerned because it takes off similar to the steps of a ladder from this lead.

Q There are a number of tracks all running into one other track?

A Yes.

Q And they are like steps on a ladder?

A That is correct.

Q And these tracks that come into the lead or ladder track curve into that ladder track, do they not?

A Yes, they do. They curve slightly on to the ladder track.

BY THE CHAIRMAN:

Q Is a tail track one of the tracks that you say comes into a ladder track?

A No, a tail track is a track that does not enter. At the extreme end it just ends. There is no continuation. For example, you might find a tail track in an industrial area where you were pushing up against a building. The track ends at the wall of the building.

BY HON. MR. McLAURIN:

Q Could a tail track not be one of the ends of a ladder track?

A It could. There could be a tail track at the end of the ladder track. We have such a one in Vancouver. It runs into the bay.

BY THE CHAIRMAN:

Q I was thinking of that same thing. You have what you call a ladder track which is a straight track?

A Yes.

Q And there are a lot of other tracks at various points leading into it with curves?

A Yes

Q Now, where is your tail track?

A The tail track would be at the extreme end of the ladder track.

Q That is really just a name for the end part of the ladder track?

A That is correct.

Q Because it ends within a reasonable distance?

A That is correct.

HON. MR. McLAURIN: Then the mainline of the C.P.R. from Saint John, New Brunswick, to Vancouver finally becomes a tail track and ends in the Strait of Georgia.

THE WITNESS: That is exactly what the situation was at one time in Vancouver.

BY HON. MR. MARTINEAU:

Q There would be no tail track in the St. Luc yards?

A No, not to my knowledge, no tail track.

Q But there would be ladder tracks?

A There would be ladder tracks but those ladder tracks would finally extend out to a main line, connect with a main line.

Q So after the cars go down the hump then you have the ladder tracks?

A That is correct, sir.

Q Which eventually lead into a main track for the exit?

A That is correct.

THE CHAIRMAN: That brings you back to

Mr. Shepp

your original question, Mr. Sinclair.

BY MR. SINCLAIR: My original question, Mr. Shepp, was would you describe how an engine with a cut of cars coming off a yard track on to the lead or ladder track would be brought out and how would the ground crew position themselves?

A The engine follower should remain at the switch so that when the movement is ready to come out he controls it with a signal to the engineer.

BY THE CHAIRMAN:

Q Is this a push movement or a pull movement or can it apply to both?

A Well, when it comes out -- either push or pull. If they are pushing cars out there should be a man at the switch so that he can observe the situation and give the proper signal for the movement to come out.

BY MR. SINCLAIR:

Q You say he should be there?

A Yes.

Q Is he always there?

A Sometimes he is not there at present.

Q Why?

A Because he depends on the fireman to make an observation. ✓

Q He depends on the fireman to make an observation, and as an experienced yard man are you in favour of that or are you against it?

A I am not in favour of it.

Mr. Shepp

THE CHAIRMAN: To make what observation?

BY MR. SINCLAIR:

Q To make an observation as to what, Mr. Shepp?

A As to the condition of the lead, as to whether their route is lined.

BY THE CHAIRMAN:

Q Whether the route is what?

A Lined.

BY MR. SINCLAIR:

Q Just explain what you mean when you say the route is lined?

A That the switches are properly set for the route which they are taking.

BY THE CHAIRMAN:

Q Well, if he cannot see that and there is no yard crewman at the switch, what then?
It does not move, I suppose?

A Well, if the engineer can see the switch on the track that he is proceeding out of, if that switch is properly set he will proceed out on to the lead and **depend** on the fireman to observe conditions ahead, if the yard man is not on the ground at the switch where he should be.

Q In that case he would have to place the responsibility on the fireman; he would have to alert the fireman that he was depending on him for ~~that~~ function?

A He would. He would have to alert the fireman.

Mr. Shepp

BY MR. SINCLAIR:

Q You say you are not in favour of that. Why?

A Because it is not a safe way to operate.

Q And is that why you say the engine follower should be at the switch?

A That is correct. The engine follower should be at the switch.

BY MR. MARTINEAU:

Q. And if he is not at the switch what should the engineer do?

A He should stop until the engine follower gets to the switch.

BY MR. SINCLAIR:

Q Now, let us say that the movement is away down at the bottom end of one of the yard tracks. How would the engine follower get up to the switch? Would he walk up or ride up or how would he get there?

A If the movement was proceeding some distance from the switch he could ride up to the point of clearance, stop and proceed on foot to the switch.

BY THE CHAIRMAN:

Q Well, if the engineer was depending upon the engine follower to set the switch, what would the field man and the yard foreman be doing?

A They would be -- depending on the movement that was being made, if they were going into a track to pull out a number of cars the yard

Mr. Shepp

foreman and the engine follower would proceed to the point at which the cut was to be made in the cars. If they were bringing out 20 cars they would be riding on the twentieth car and the engine follower would be in close proximity with the engine if he went back with the engine, but normally the engine follower should remain at the switch.

Q And if the engine follower was close to the engine and these 20 cars were in front the engine follower would have nothing to do with setting the switch under those circumstances?

A No, the foreman and the field man would then be charged with the responsibility of setting the switch and making the observation and giving the signal.

Q Then, in the illustration you give of 20 cars it would only be when those 20 cars were behind the engine that the engine follower would be tending to the switch?

A That is right, yes, where the cars are being pulled out with the engine leading.

BY MR. SINCLAIR:

Q Now, why did you say that you wanted the engine follower on a movement ahead pulling 20 cars to go out and get the switch or to be at the switch? Has he got any work to do with that switch at any other time on the move?

A If there are any switches that need restoring or lining in the route or any switches that are

Mr. Shepp

not properly set it is his responsibility and duty to properly set those switches.

BY THE CHAIRMAN:

Q Well, returning to that illustration, if you have these 20 cars behind the engine you would have the yard foreman and the field man behind the engine 20 cars back and the engine follower would be in front of the engine and therefore he would look after the switch?

A That is correct.

Q Well, in that situation why would he not always be available at the switch?

A Well, it is possible that he may -- if the 20 cars that they were going to get were a considerable distance inside the track he may go up with the engine to make the coupling to the first car with the engine and that would be the only reason why he would not remain at the switch.

BY MR. SINCLAIR:

Q And in those circumstances I understand your evidence to be that he should then ride up, stop the movement, get the switch and give the proceed signal to whom?

A To the engineer.

Q What would the fireman do on that kind of move?

BY THE CHAIRMAN:

Q I am just trying to run this down for my own

Mr. Shepp

satisfaction. In that situation the engine follower would always be at the switch when the engine got to it?

A That is correct.

Q There would be no occasion for the fireman to do anything because the engine follower would be there?

A That is correct.

Q There would be no other place for him to be?

A That is correct.

Q Then if you take the other situation where these 20 cars are in front of the engine you have got the yard foreman and the field man up on the twentieth car and again they would be able, one of them, to operate the switch and signal that the switch was in the proper position?

A That is correct, sir. They would then be charged with the same responsibility that the engine follower had if the movement was to be made the other way.

Q Well, either one or the other would be up there, would they not? What I cannot get in my mind is the situation you were talking about where there would be no one at the switch and the engineer would have to ask the fireman, "What is the position of the switch"?

A Well, perhaps I should make my point a little clearer. If, for example, the engine follower came down the lead or ladder track by himself

Mr. Shepp

with just the engine crew, with instructions from his foreman that he is to bring the engine into track No.9 and couple it to the cars that are on that track, now if those cars, the leading car on that track was up towards the middle of the track then it would be necessary for the engine follower to turn No.9 switch and signal the engine into that track and ride it up into the track to make the coupling to the first car. Then he and the engine would be at least 500 feet away from the switch.

Q And the yard foreman and the field man would be back on the cars that were going to be moved?

A That is correct, sir. Then, when they received a signal to pull the cars out --

Q From whom?

A From the field man or the yard foreman back there on the last car of the 20, then of course the engine follower would ride the engine back out to the lead.

Q Where would he be on the engine?

A He would be on the front of the engine, on the side step at the front or he could be riding back of the engine, but under those circumstances there would be no one out on the lead to make an observation of the condition of the lead in advance of the movement of the engine.

Q You mean of the position of the switch?

Mr. Shepp

A Of that one or other switches perhaps on that same lead. Someone else may have used another switch in the meantime.

Q Well, whether the engine was going forward or was reversing, under those circumstances would not the engine follower be forward of both the fireman and the engineer?

A Normally the engine follower would, yes.

Q Then why would he not have the best view of the position of the switch?

A Oh, he has the best view if he is riding on the front of the engine. He has the best view.

Q Then how do you bring the fireman into that situation?

A Well, the only way the fireman comes into the situation is if the engineer does not stop and if the engine follower is not out there, if he is on the back of engine, why then the engineer could possibly ask the fireman whether it is clear on his side.

Q Well, the engine follower should not be on the back of the engine under those circumstances?

A Not under those circumstances, no, but the question was asked me whether they were always on the lead and in some cases they are not.

BY MR. SINCLAIR:

Q Is that a case of what you consider convenience alone of the ground crew?

A I consider and the reason for that is the impractical distribution of the ground crew. Under those circumstances the proper way to

make a movement like that is for the field man or the yard foreman to accompany the engine into the track and make the coupling and the engine follower remain at the switch.

Q With the engine follower not being on the point of the movement forward, does that sometimes speed up switching?

A Not generally, no, it does not.

Q I said does it do it sometimes?

A I beg your pardon?

Q I asked you, does it do it sometimes? You said, "Not generally, no." So I take it that it does sometimes speed it up?

A No, it does not speed it up.

Q Why do you say it does not speed it up? There must be some delay for the engine follower always to position himself on the forward point of the movement?

A The reason I say it does not speed it up is because if he is not there sometimes the movement has to stop when a switch is found incorrectly lined and it is necessary for him to walk up to restore it.

Q I understand your evidence to be that what you gain on the swings you lose on the roundabouts? Is that what you say?

A That is exactly what it amounts to.

Q Now, when you were working as a yard foreman, as a yardman or a yard foreman, what was your practice as to the giving of signals and positioning

of crew?

A My practice was always to give signals clearly and distinctly on the engineer's side and also when I was yard foreman I positioned my crew and instructed any new employees coming in with respect to their position so that they could maintain a correct communication of signals between the engineer and the movement and the ground crew.

THE CHAIRMAN: What are the instructions, if any, that are given by the railway?

BY MR. SINCLAIR:

Q Mr. Shepp, when you started out as a yardman, if you can remember that long ago, or when you started other people out as yardmen, which has been substantially more recent, what instructions does the supervisor give the yardman as to position when he starts out on the job?

A They instruct him with respect to getting in position so that he can always maintain a direct relationship of signals between the engineer and the point of the movement.

Q Why do they tell him that? Why?

HON. MR. McLAURIN: They tell him that in the rule book. Is that how it happens? All right, go ahead.

BY MR. SINCLAIR:

Q Why do they tell him that, Mr. Shepp? Why is that kind of instruction given to a yardman?

A So that there is a continuation of signals, so that that is his function. That is his instruction of the work that he has to perform and the manner in which he has to perform his work.

Q Let me illustrate it to you this way. Say I started out on the yard today and you told me how to operate and you were my yard foreman and a week from now I was switching and I got a switch on the fireman's side and I thought, why should I walk over there and give it to the engineman, why should I not send it down the left hand side, down the fireman's side, and I gave you a signal. What would you say to me?

A I would tell you that you were not performing your work properly. I would tell you that I want to see you on this side so I can see you.

Q Why would you tell me that? Why would you insist on me being there?

A Well, normally working in yard service you want to see, particularly as a foreman, you want to see the members of your crew continuously.

Q Why?

A Well, I might need you for a particular move I am going to make which you are not aware of.

Q Would you worry about me if I disappeared?

A I might think you had taken off somewhere and that I could not use you when I wanted you for a movement I wanted to have.

Q I hope you would not think that of me. I might have got hurt. Would you know about it if I was working on the other side?

A I would be very much concerned.

BY HON. MR. MARTINEAU:

Q What would you do if you stopped seeing the ground crew?

A I would certainly look for it and find out where ^{it} ~~he~~ was at.

Q But if you are an engineer and suddenly for some reason or other you do not see the engine follower?

A Oh, I would stop immediately.

Q You would stop and instruction is given to engineers to stop under such circumstances?

A Yes, those are the instructions to the engineers in yard service, that when a signal disappears they are required to stop.

MR. SINCLAIR: That is in the rule book, sir. That is rule 7-a, and we will be filing the Uniform Code of Operating Rules with another witness and explaining a number of rules.

BY MR. SINCLAIR:

Q That is rule 7-a, Mr. Shepp?

A That is correct.

Q What does it say? What does the rule say from memory?

THE CHAIRMAN: Have you got it?

MR. SINCLAIR: Yes.

THE CHAIRMAN: Then the witness can read it.

HON. MR. McLAURIN: Are we going to get complimentary copies?

MR. SINCLAIR: Yes sir. I can give it to you now. I do not know if Mr. Pearson -- yes, he brought them so maybe I will put them in now subject to --

HON. MR. McLAURIN: You are going to add to my library at home.

THE CHAIRMAN: This will be exhibit 27. What is the title?

MR. SINCLAIR: It is called "Uniform Code of Operating Rules, Canadian Pacific Railway Company."

HON. MR. McLAURIN: Exhibit 27 was the annual report which we did not get. That was given a number.

THE SECRETARY: That was 26, sir.

MR. SINCLAIR: This is exhibit 27. Each of these books is numbered, and on the numbered sheet, which is the third sheet, it says:

"Approved by the Board of Transport Commissioners for Canada by Order No. 750, dated 7th day of April, 1951."

THE CHAIRMAN: When you say that each book has a number, does that mean --

MR. SINCLAIR: We keep a record of where they are. Each employee has to have one and in this way we know that the people who have them are the appropriate people to have them.

HON. MR. McLAURIN: Do I have to give mine back?

MR. SINCLAIR: No sir.

THE CHAIRMAN: What is the number of the exhibit?

MR. SINCLAIR: Exhibit 27.

THE CHAIRMAN: The number of the book in the exhibit.

MR. SINCLAIR: Each one is numbered differently.

THE CHAIRMAN: I know but you are putting one in as an exhibit.

MR. SINCLAIR: I will put in no. 52348.

EXHIBIT NO. 27 -- Uniform code of
operating rules,
book no. 52348.

HON. MR. McLAURIN: What do you call it?

MR. SINCLAIR: Sometimes it is referred to as the uniform code and at other times it is referred to as the rule book. Either phrase is in common use, the uniform code or the rule book. Is that right, Mr. Shepp?

THE WITNESS: Yes.

THE CHAIRMAN: You were going to read
7-a.

BY MR. SINCLAIR:

Q That is on what page?

A Page 15, and it reads:

"Signals must be given from a point where they can be plainly seen and in such a manner that they cannot be misunderstood. If there is doubt as to the meaning of a signal, or for whom it is intended, it must be regarded as a stop signal. If signals disappear from view the movement must be stopped immediately, unless otherwise controlled."

Q What does the proviso on the end mean? What do those last words mean, "unless otherwise controlled"?

A Well, it may be a movement being made through an interlock.

BY THE CHAIRMAN:

Q Through what?

A Interlock.

BY MR. SINCLAIR:

Q "Otherwise controlled" means where fixed signal indication takes over? Is that right?

A That is correct.

Q Well, let us take a draft of passenger cars.
How are they controlled backing into the Glen,
we will say?

A They are controlled with what is known as a tail hose, and they are controlled by air, by the operation of air brakes by the man that is using the hose at the rear of the movement.

Q And controlled under a back-up hose would also come within that proviso?

A It would come within that proviso.

Q Now, Mr. Shepp, based on your knowledge of first the Calgary yard, if firemen were removed from all yard diesels how many additional engine assignments would be required to conduct the work now being done or which was done when you had it under observational supervision?

A None.

Q Then, if firemen were removed from the diesels operating in Vancouver how many additional engine assignments would be required to conduct the work that was done when it was under your supervision up until the end of last year?

A None.

Q What would be the effect on the efficiency of the yard at Vancouver, in your opinion, if firemen were removed from diesels?

A There would be no change. In fact, it is possible it might increase --

Q Efficiency might increase?

A Yes

Q How would that happen?

A Because there would be a continuous movement steadily and slowly.

Mr. J. Shepp

Q How does the fireman interfere with the continuous and slow movement?

A Well, we may eliminate some of the affairs we are having now.]

THE CHAIRMAN: Some of the what?

MR. SINCLAIR: Some of the affairs.

BY MR. SINCLAIR:

Q When you say "affair", what does that mean?

A That means a mishap in the yard, in the operation in the yard.

Q Why do you think you will remove some of those?

A Because I believe in some cases there is distraction of the engineer from his duties.

Q By whom?

A By conversation with the fireman.

Q Are the yard crew, that is, the engineman, the yard foreman, the field man and the helper, a team operation?

A Yes, they are.

Q And where does the fireman fit into that team on steam, for instance?

A Well, on steam his function, of course, was for the production of steam only in that team.

Q What kind of job was that? Was that a tough job, an easy job or a medium job?

A Well, it was on steam assignments -- depending on the nature of the work it was a tough job.

Q And did the engineman make sure he kept steam up?

Mr. J. Shepp

A The engineman occasionally glanced to make sure that the steam pressure was up.

Q Now, what part of ^{the} team does the fireman perform on a diesel?

A I cannot see any change in the team work that is going on in so far as the engineer and the ground crew are concerned at the present time.

Q Then what does he do to assist the team, the fireman on a diesel?

A He does not do anything to my knowledge.

Q In your opinion does that have any effect on the other members of the team?

A Well, I believe that they must wonder why they are required to do all the work.

Q Do you think that is an unusual thing with these five men, to have **four** men working and one man not? Does that have any effect on --

A I would think so.

Q -- efficiency?

A I would think that would have its effects.

THE CHAIRMAN: Perhaps this would be a good place to adjourn.

The Commission adjourned at 4.00 p.m. until 10.30 a.m., Thursday, March 7, 1957.

